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## INDEX AND SUMMARY OF S. 1983

May 22, 1961 Both Houses received President's foreign aid message. H. Doc. 117. Print of document.

May 26, 1961 President's proposed foreign aid bill.

### LEGISLATIVE HISTORY

#### Public Law 87-195

#### S. 1983

Sen. Fulbright introduced S. 1983 which was referred to Senate Foreign Relations Committee. Print of bill as introduced.

May 29, 1961 House received President's proposed bill.

Rep. Morgan introduced H. R. 7372 which was referred to House Foreign Affairs Committee. Print of bill as introduced.

June 22, 1961 Sen. Williams, Del., submitted and discussed the proposed amendment to S. 1983.

July 20, 1961 Senate committee granted permission to file report during adjournment of Senate.

July 24, 1961 Senate committee reported S. 1983 with amendments. S. Report No. 612. Print of bill and report.

July 28, 1961 Summary of S. 1983 as reported by Senate committee.

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July 31, 1961 Rep. Morgan introduced H. R. 8400 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.

Aug. 1, 1961 House committee voted to report (but did not actually report) H. R. 8400.

Aug. 3, 1961 House committee given permission to file report.

Aug. 4, 1961 Senate began debate on S. 1983.

House committee reported H. R. 8400 without amendment. H. Report No. 851. Print of bill and report.

Aug. 5, 1961 Senate continued debate on S. 1983.

Aug. 9, 1961 Senate continued debate on S. 1983.

Aug. 10, 1961 Senate continued debate on S. 1983.

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- May 26, 1961 Senate received President's proposed foreign aid bill.
- Excerpts from President's transmittal letter.
- Aug. 15, 1961 Sen. Fulbright introduced S. 1983 which was referred to Senate Foreign Relations Committee. Print of bill as introduced.
- May 29, 1961 House received President's proposed bill.
- Rep. Morgan introduced H. R. 7372 which was referred to House Foreign Affairs Committee. Print of bill as introduced.
- June 22, 1961 Sen. Williams, Del., submitted and discussed his proposed amendment to S. 1983.
- July 20, 1961 Senate committee granted permission to file report during adjournment of Senate.
- July 24, 1961 Senate committee reported S. 1983 with amendments. S. Report No. 612. Print of bill and report.
- July 28, 1961 Summary of S. 1983 as reported by Senate committee.
- July 31, 1961 Rep. Morgan introduced H. R. 8400 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.
- Aug. 1, 1961 House committee voted to report (but did not actually report) H. R. 8400.
- Aug. 3, 1961 House committee given permission to file report.
- Aug. 4, 1961 Senate began debate on S. 1983.
- House committee reported H. R. 8400 without amendment. H. Report No. 851. Print of bill and report.
- Aug. 8, 1961 Senate continued debate on S. 1983.
- Aug. 9, 1961 Senate continued debate on S. 1983.
- Aug. 10, 1961 Senate continued debate on S. 1983.
- House Rules Committee reported resolution for the consideration of H. R. 8400. H. Res. 414, H. Rept. 898.



May 22, 1961	Both Houses received President's foreign aid message, H. Doc. 117. Print of document.
May 26, 1961	Senate received President's proposed foreign aid bill.
	Excerpts from President's transmittal letter.
	Sen. Wright introduced S. 1983 which was referred to Senate Foreign Relations Committee. Print of bill as introduced.
May 29, 1961	House received President's proposed bill.
	Rep. Morgan introduced H. R. 7372 which was referred to House Foreign Affairs Committee. Print of bill as introduced.
June 22, 1961	Sen. Williams, Del., submitted and discussed his proposed amendment to S. 1983.
July 20, 1961	Senate committee granted permission to file report during adjournment of Senate.
July 26, 1961	Senate committee reported S. 1983 with amendments. S. Report No. 612. Print of bill and report.
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July 31, 1961	Rep. Morgan introduced H. R. 8100 which was referred to the House Foreign Affairs Committee. Print of bill as introduced.
Aug. 1, 1961	House committee voted to report (but did not actually report) H. R. 8100.
Aug. 3, 1961	House committee given permission to file report.
Aug. 4, 1961	Senate began debate on S. 1983.
	House committee reported H. R. 8100 without amendment. H. Report No. 871. Print of bill and report.
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- Aug. 14, 1961 Senate continued debate on S. 1983.  
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- Aug. 15, 1961 Senate continued debate on S. 1983.  
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- Aug. 16, 1961 Senate continued debate on S. 1983.  
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- Aug. 17, 1961 Senate continued debate on S. 1983.  
House continued debate on H. R. 8400.
- Aug. 18, 1961 Senate passed S. 1983 with amendments. Print of S. 1983 as passed by Senate.  
House passed H. R. 8400 with amendments.
- Aug. 21, 1961 House passed S. 1983 with amendment (substituting language of H. R. 8400). H. R. 8400 laid on table due to passage of S. 1983.  
House and Senate conferees were appointed.  
Print of S. 1983 as passed by House.
- Aug. 30, 1961 House received conference report. H. Report No. 1088. Print of report.
- Aug. 31, 1961 Both Houses agreed to conference report.
- Sept. 4, 1961 Approved: Public Law 87-195.



INDEX AND SUMMARY OF S. 1983, continued:

Sept. 4, 1961 Approved: Public Law 87-195.

Aug. 31, 1961 Both Houses agreed to conference report.

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House passed H. R. 8400 with amendments.

S. 1983 as passed by Senate. Print of Senate passed S. 1983 with amendments.

Aug. 17, 1961 Senate continued debate on H. R. 8400.

House continued debate on H. R. 8400.

Aug. 16, 1961 Senate continued debate on S. 1983.

House continued debate on H. R. 8400.

Aug. 15, 1961 Senate continued debate on S. 1983.

House began debate on H. R. 8400.

Aug. 14, 1961 Senate continued debate on S. 1983.

Summary of H. R. 8400 as reported by House committee.

Aug. 11, 1961 Senate continued debate on S. 1983.







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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For actions of March 22, 1961  
87th-1st, No. 50

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**HIGHLIGHTS:** President approved feed grains bill. Senate agreed to conference report on feed grains bill. House committee reported depressed areas bill. Both Houses received President's foreign aid message. House committee voted to report bill to extend Reorganization Act.

## SENATE

- 1. FEED GRAINS.** By a vote of 50 to 31, agreed to the conference report on H. R. 4510, to provide a special program for feed grains for 1961 (pp. 4226-38). See Digest 48 for a summary of the bill. This bill will now be sent to the President.
- 2. FOREIGN AID.** Both Houses received the President's foreign aid message (H. Doc. 117) (pp. 4195-9, 4276-9). Following are excerpts from the message:

"If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

"1. Unified administration and operation: A single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

"2. Country plans: A carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of



a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

"3. Long-term planning and financing: The only way to make meaningful and economical commitments.

"4. Special emphasis on development loans repayable in dollars, more conducive to businesslike relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

"5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

"6. Multilateral approach: A program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

"7. A new agency with new personnel, drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

"8. Separation from military assistance: Our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs. \*\*\*

"I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of --

"A. The International Cooperation Administration (ICA) and all its technical assistance (point 4) and other programs.

"B. The Development Loan Fund (DLF).

"C. The food-for-peace program (Public Law 480) in its relations with other countries, while also recognizing its essential role in our farm economy.

"D. The local currency lending activities of the Export-Import Bank.

"E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development.

"F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment.

"G. All other related staff and program services now provided by the Department of State as well as ICA. \*\*\*

"Under the jurisdiction of both the Secretary of State in Washington and the Ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food for peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved -- and food for peace will continue to be based on availabilities determined by the Department of Agriculture.

"But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one -- a fresh start under new leadership. \*\*\*

"To meet the varied needs of many nations the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale -- for either local currency or dollars with special repayment terms -- of surplus foods,



equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise. \*\*\*

"I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. \*\*\*

"Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted (\$4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for non-military aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget -- \$1.9 billion. These figures do not, of course, reflect Public Law 480 operations."

Sen. Keating expressed skepticism over parts of the message, particularly the creation of a agency to handle foreign aid and the request for appropriations over a 5-year period rather than a 1-year period. p. 4215

Sens. Javits and Cooper commended the message. pp. 4215, 4266-7

3. UNEMPLOYMENT COMPENSATION. Both Houses agreed to the conference report on H. R. 4806, to provide for the establishment of a temporary program of extended unemployment compensation for unemployed workers, including Federal employees and veterans. The House agreed to the report by a vote of 362 to 31. This bill will now be sent to the President. pp. 4238-44, 4270-5
4. FARM LABOR. Sen. Holland criticized the showing by the British Broadcasting Corporation, under an arrangement with the Columbia Broadcasting System, of the film, "Harvest of Shame," depicting certain conditions of migratory farm workers in this country, and debated this matter with Sen. Williams, N. J., and other Senators. pp. 4260-6
5. RECLAMATION. The Interior and Insular Affairs Committee reported with amendments S. 107, to authorize the construction of the Navajo Indian irrigation project and the initial stage of the San Juan-Chama project as participating project of the Colorado River storage project (S. Rept. 83). p. 4202
6. GRANTS-IN-AID. Received from the Advisory Commission on Intergovernmental Relations a report, "Modification of Federal Grants-in-Aid for Public Health Services." p. 4201
7. NOMINATIONS. Confirmed the nomination of Robert S. Shriver, Jr., to be Director of the Peace Corps. p. 4200  
The Interior and Insular Affairs Committee reported the nomination of Ralphael M. Paiewonsky to be Governor of the Virgin Islands. p. 4200
8. TEXTILE IMPORTS. Sen. Bridges urged action to impose greater restrictions on the importation of textiles and textile products. p. 4207  
Sen. Dirksen inserted a statement of the National Assoc. of Wool Manufacturers on the "urgent need for quotas to control low-wage imports of textiles and apparel." p. 4214



9. YOUTH CONSERVATION CORPS. Sens. Gruening and Humphrey spoke in favor of establishing a Youth Conservation Corps and inserted articles endorsing it. pp. 4213,4260
10. MINIMUM WAGES. Sen. Goldwater inserted numerous articles and editorials opposing enactment of legislation to raise the minimum wage level. pp. 4219-26
11. FARMER COMMITTEES. Sen. Hart commended the recommendation in the President's farm message that "commodity groups work directly on the initial formulation of their commodity programs," and inserted his letter to Secretary Freeman urging that the commodity groups have a representative to give the viewpoint of the consuming public. p. 4269
12. ELECTRIFICATION. Sen. Bennett inserted several letters and statements opposing enactment of legislation to authorize construction of the Burns Creek public power project.
13. ADJOURNED until Fri., Mar. 24. p. 4269

HOUSE

14. DEPRESSED AREAS. The Banking and Currency Committee reported with amendment S. 1, to establish an effective program to alleviate conditions of substantial and persistent unemployment and underemployment in certain economically distressed areas (H. Rept. 186). p. 4341
15. REORGANIZATION. The Government Operations Committee voted to report (but did not actually report) H. R. 5742, to extend the Reorganization Act of 1949. p. D190
16. WATER-HYACINTHS SEEDS. A subcommittee of the Judiciary Committee voted to report to the full committee with amendment H. R. 2041, to remove the restriction on the interstate shipment of water-hyacinth plants or seeds to certain areas where the plants are unable to survive winter weather. p. D190
17. ADMINISTRATIVE ORDERS. A subcommittee of the Judiciary Committee voted to report to the full committee H. R. 5656, to provide for reasonable notice of applications to the U. S. courts of appeals for interlocutory relief against the orders of certain administrative agencies. p. D190
18. MINIMUM WAGES. Began debate on H. R. 3935, to amend the Fair Labor Standards Act and increase the minimum wage gradually to \$1.25 an hour. pp. 4313-8
19. TEXTILE IMPORTS. Reps. Hemphill and Seely-Brown urged greater restrictions on the importation of textiles and textile products. pp. 4318-22, 4335-6
20. PEACE CORPS. Rep. Staggers spoke in opposition to the President's proposal to establish a Peace Corps. pp. 4326-8
21. FOREIGN AID. Rep. Pelly criticized the President's message on foreign aid, particularly the "proposal calling for funding foreign aid outside of congressional appropriations as called for by our Constitution." pp. 4336-7

FOREIGN AID

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RELATIVE TO

FOREIGN AID

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MARCH 22, 1961.—Referred to the Committee on Foreign Affairs and ordered to be printed

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*To the Congress of the United States:*

This Nation must begin any discussion of "foreign aid" in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.

3. There exists, in the 1960's, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

I

Foreign aid—America's unprecedented response to world challenges—has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents—Harry Truman and Dwight Eisenhower—and drawn its support from



forward-looking members of both political parties in the Congress and throughout the Nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4—an effort to make scientific and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD, has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts—we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program—actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent, and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high-caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field who are repeatedly frustrated by the delays and confusions caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants, who have kept the program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program—the necessity to accommodate all planning to a yearly deadline—when combined with a confusing multiplicity of American aid agencies within a single nation abroad—have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year are no substitute for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support—thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom—nevertheless, it is a fact that many of the nations we are helping are not much nearer sustained economic growth than

they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

## II

In the face of these weaknesses and inadequacies—and with the beginning of a new decade of new problems—it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our Nation has now carried for some 15 years?

The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world—Latin America, Africa, the Middle East, and Asia—are caught up in the adventures of asserting their independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another's capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, that pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new—and often frail—modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960's is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th—in the southern half of the globe as in the north—economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill, we have great opportunities to realize. We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social, and political strength and self-sustained growth to stand permanently on their own feet. The 1960's can be—and must be—the crucial “decade of development”—the period when many less-developed nations make the transition into self-sustained



growth—the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation's contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower. Such a unified effort will help launch the economies of the newly developing countries “into orbit”—bringing them to a stage of self-sustained growth where extraordinary outside assistance is not required. If this can be done—and I have every reason to hope it can be done—then this decade will be a significant one indeed in the history of freemen.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community—and our success in enlisting a greater common effort toward this end on the part of other industrialized nations—depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid—instead of depending on a plan for long-term goals—then we will dissipate our funds, our good will, and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help—and to the other industrialized nations, if they are willing to undertake a much greater effort on a much broader scale—that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less-developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth—and in some parts of the continent living standards are actually declining. In 1945 the population of our 20 sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than 40 years away, Latin American population will be 592 million, compared with 312 million for the United States. Latin America will have to double its real income in the next 30 years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and

united effort on the part of the Latin American Republics, the United States, and our free world allies.

This will require leadership, by this country in this year. And it will require a fresh approach—a more logical, efficient, and successful long-term plan—for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

### III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation—a single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

2. Country plans—a carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing—the only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars—more conducive to businesslike relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach—a program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel—drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

8. Separation from military assistance—our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

### IV

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of—

- A. The International Cooperation Administration (ICA) and all its technical assistance (point 4) and other programs;

- B. The Development Loan Fund (DLF);

- C. The food-for-peace program (Public Law 480) in its relations with other countries, while also recognizing its essential role in our farm economy;

- D. The local currency lending activities of the Export-Import Bank;



E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development;

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment;

G. All other related staff and program services now provided by the Department of State as well as ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decision making. Similarly, central direction and final responsibility in Washington will be fixed in an administrator of a single agency—reporting directly to the Secretary of State and the President—working through Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan: a development lending organization, food-for-peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources—initiating a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort; and, in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress, and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food-for-peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved—and food-for-peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one—a fresh start under new leadership.

## V

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, educational, and social growth—programs which use their own resources to the maximum. If planning assistance is required, our own aid organization will be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those

efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs—and the kind of assistance the free world provides—must be tailored to the recipients' current stage of development and their foreseeable potential. A large infusion of development capital cannot now be absorbed by many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance, and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure, so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations provide decent living standards for their people and achieve sufficient strength, self-respect, and independence to become self-reliant members of the community of nations. And thus our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale (for either local currency or dollars with special repayment terms) of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining, or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repayable in local currencies that are of little benefit to the



American taxpayer. The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountancy while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

## VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning, and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusions which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of 1-year programs. Close consultation and cooperation with the Congress and its committees will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable. These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part of the developing nations, greater contributions from our more prosperous allies, more solid results, and real longrun economy to the taxpayers. The new emphasis on long-term plans and realistic targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

## VII

A long-term program and borrowing authority, even though limited, will enable us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next 5 years, the economic program here proposed, together with an



expanded food-for-peace program as recommended in my agricultural message, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, while we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funds for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted (\$4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget (\$1.9 billion). (These figures do not, of course, reflect Public Law 480 operations.)

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately \$2 billion out of the requested \$2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently underutilizing our great economic capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances cut-backs in the foreign aid program would be felt not only in loss of economic progress and hope abroad but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The \$4 billion previously requested for fiscal year 1962 will be re-allocated under this new program as follows:

Military assistance will be reduced from the \$1.8 billion requested to \$1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total \$2.4 billion.

Of this, \$1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: grants for education, social progress and institutional development, the Peace Corps, and sustaining aid. Nine hundred million dollars will be available for

long-term low or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than \$1.6 billion for each of the succeeding 4 years. Also to be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in in repayment of the principal and interest on certain previous loans to foreign governments (United Kingdom, ECA, GARIOA, and others—but not the Export-Import Bank).

### VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall therefore request the Congress to provide at this time \$1.6 billion for provision of military assistance. This figure is the amount required to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises or new conflicts may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new agency, will not be administered by it and should not be included in its appropriation. In order to make clear the peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works, and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression wherever it may occur. We have demonstrated our will and ability to protect free world nations—if they so desire—from the type of external threat with which many of them are still confronted. We will not fall short on this.

### IX

The levels on which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rockbottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide



more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party—and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress, in full awareness of the many eyes upon us—the eyes of other industrialized nations, awaiting our leadership for a stronger united effort—the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle—the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals—and, finally, the eyes of the American people, who are fully aware of their obligations to the sick, the poor, and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both befit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

JOHN F. KENNEDY.

THE WHITE HOUSE, *March 22, 1961.*









United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 87<sup>th</sup> CONGRESS, FIRST SESSION

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## Senate

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Archbishop Vasili, of the Byelorussian Autocephalic Orthodox Church, Brooklyn, N.Y., offered the following prayer:

In the name of the Father, and the Son, and the Holy Ghost. The most high and eternal God.

This prayer we make to Thee on this anniversary of the declaration of independence of Byelorussia, whose freedom was suppressed with brute, godless force, whose millions of martyrs before Thy throne cry to Thee: Exercise Thy justice, restore our freedom and the freedom of all oppressed peoples.

In this solemn hour we beseech Thee, our God and Father, be gracious unto us, for Thou art great and doest wondrous things. Thou art our God alone, full of grace and truth, glory and majesty.

Merciful God, Thou hast blessed the people of this country, for Thou loveth righteousness, and hateth wickedness. Thou hast preached freedom on this earth, and made it the foundation of life for men. Bless the leaders and lawgivers of this country, strengthen their hearts with Thy grace, as they strive for Thy truth and freedom everywhere, for all suffering and oppressed peoples.

We humbly bow our heads before Thee, our God and Saviour, and faithfully implore Thee: Accept this, our prayer; bless the United States of America and Byelorussia.

May Thy glorious name, our God and Redeemer, reign and shine in our hearts and be blessed now and forever. Amen.

### THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, March 21, 1961, was dispensed with.

### MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced

that on March 21, 1961, the President had approved and signed the act (S. 451) to authorize the distribution of copies of the CONGRESSIONAL RECORD to former Members of Congress requesting such copies.

### FOREIGN AID—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 117)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States on foreign aid. The Chair is informed that the message has been read in the House, and, without objection, it will be printed in the RECORD at this point and referred to the Committee on Foreign Relations.

The message was referred to the Committee on Foreign Relations, as follows:

*To the Congress of the United States:*

This Nation must begin any discussion of foreign aid in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity and offensive to our conscience.

3. There exists, in the 1960's, an historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

I

Foreign aid: America's unprecedented response to world challenges has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents—Harry Truman and Dwight Eisenhower—and drawn its support from

forward-looking members of both political parties in the Congress and throughout the Nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4—an effort to make scientific and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD, has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts—we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program—actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field who are repeatedly frustrated by the de-



lays and confusions caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants who have kept the program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program—the necessity to accommodate all planning to a yearly deadline—when combined with a confusing multiplicity of American aid agencies within a single nation abroad—have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year are no substitute for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support—thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom—nevertheless it is a fact that many of the nations we are helping are not much nearer sustained economic growth than they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

## II

In the face of these weaknesses and inadequacies—and with the beginning of a new decade of new problems—it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our Nation has now carried for some 15 years?

The answer is that there is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world—Latin America, Africa, the Middle East, and Asia—are caught up in the adventures of asserting their independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another's capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, that pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new—and often frail—modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960's is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th—in the southern half of the globe as in the north—economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill, we have great opportunities to realize. We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social and political strength and self-sustained growth to stand permanently on their own feet. The 1960's can be—and must be—the crucial “decade of development”—the period when many less-developed nations make the transition into self-sustained growth—the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation's contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower. Such a unified effort will help launch the economies of the newly developing countries “into orbit”—bringing them to a stage of self-sustained growth where extraordinary outside assistance is not required. If this can be done—and I have every reason to hope it can be done—then this

decade will be a significant one indeed in the history of freemen.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community—and our success in enlisting a greater common effort toward this end on the part of other industrialized nations—depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid—instead of depending on a plan for long-term goals—then we will dissipate our funds, our good will and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help—and to the other industrialized nations, if they are willing to undertake a much greater effort on a much broader scale—that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth—and in some parts of the continent living standards are actually declining. In 1945 the population of our 20 sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than 40 years away, Latin American population will be 592 million, compared with 312 million for the United States. Latin America will have to double its real income in the next 30 years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and united effort on the part of the Latin American Republics, the United States, and our free world allies.

This will require leadership by this country in this year. And it will require a fresh approach—a more logical, efficient and successful long-term plan—for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

## III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation: A single agency in Washington and the field, equipped with a flexible



set of tools, in place of several competing and confusing aid units.

2. Country plans: A carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing: The only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars, more conducive to businesslike relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach: A program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel, drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

8. Separation from military assistance: Our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

#### iv

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of—

A. The International Cooperation Administration (ICA) and all its technical assistance (point 4) and other programs.

B. The Development Loan Fund (DLF).

C. The food-for-peace program (Public Law 480) in its relations with other countries, while also recognizing its essential role in our farm economy.

D. The local currency lending activities of the Export-Import Bank.

E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development.

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment.

G. All other related staff and program services now provided by the Department of State as well as ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American Ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decisionmaking. Similarly, central direction and final responsibility in Washington will

be fixed in an administrator of a single agency—reporting directly to the Secretary of State and the President—working through Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan; a development lending organization, food for peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources—initiating a program of research, development and scientific evaluation to increase the effectiveness of our aid effort; and in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the Ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food for peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved—and food for peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one—a fresh start under new leadership.

#### v

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, educational, and social growth—programs which use their own resources to the maximum. If planning assistance is required, our own aid organization will be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs—and the kind of assistance the free world provides—must be tailored to the recipients' current stage of development and their foreseeable potential.

A large infusion of development capital cannot now be absorbed by many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure, so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations provide decent living standards for their people and achieve sufficient strength, self-respect and independence to become self-reliant members of the community of nations. And thus our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale—for either local currency or dollars with special repayment terms—of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repay-



able in local currencies that are of little benefit to the American taxpayer. The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountancy while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusions which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of top-flight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of 1-year programs. Close consultation and cooperation with the Congress and its committees will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable. These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part of the developing nations, greater contributions from our more prosperous allies, more solid results and real long-run economy to the taxpayers. The new emphasis on long-term plans and realistic targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

VII

A long-term program and borrowing authority, even though limited, will en-

able us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next 5 years, the economic program here proposed, together with an expanded food-for-peace program as recommended in my agricultural message, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, while we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funds for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted (\$4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget—\$1.9 billion. These figures do not, of course, reflect Public Law 480 operations.

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately \$2 billion out of the requested \$2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently underutilizing our great economic capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances cutbacks in the foreign aid program would be felt not only in loss of economic progress and hope abroad but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The \$4 billion previously requested for fiscal year 1962 will be reallocated under this new program as follows:

Military assistance will be reduced from the \$1.8 billion requested to \$1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total \$2.4 billion.

Of this, \$1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: Grants for education, social progress and institutional development, the Peace Corps, and sustaining aid; \$900 million will be available for long-term low or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than \$1.6 billion for each of the succeeding 4 years. Also to be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in in repayment of the principal and interest on certain previous loans to foreign governments—United Kingdom, ECA, GARIOA, and others—but not the Export-Import Bank.

VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall therefore request the Congress to provide at this time \$1.6 billion for provision of military assistance. This figure is the amount required to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises or new conflicts may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new Agency, will not be administered by it and should not be included in its appropriation. In order to make clear the peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the Defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression



wherever it may occur. We have demonstrated our will and ability to protect free world nations—if they so desire—from the type of external threat with which many of them are still confronted. We will not fall short on this.

IX

The levels on which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rock-bottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party—and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress, in full awareness of the many eyes upon us—the eyes of other industrialized nations, awaiting our leadership for a stronger united effort—the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle—the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals—and, finally, the eyes of the American people, who are fully aware of their obligations to the sick, the poor and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both befit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

JOHN F. KENNEDY.

THE WHITE HOUSE, March 22, 1961.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that, pursuant to the provisions of section 1, Public Law 86-719, the Speaker had appointed, on the part of the House, the following members from private life of the U.S. Citizens Commission on NATO: Mr. W. L. Clayton, of Texas, Mr. George J. Feldman, of New York, Mr. Hugh Moore, of Pennsylvania, Mr. Ralph D. Pittman, of the District of Columbia, Mr. Donald G. Agger of Maryland, Mr. Eric Johnston, of the District of Columbia, Mr. Adolph W. Schmidt, of Pennsylvania, Mr. Oliver C. Schroeder, Jr., of

Ohio, Mr. Burr S. Swezey, Sr., of Indiana, and Mr. Morris Forgash, of New York.

The message announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4806) to provide for the establishment of a temporary program of extended unemployment compensation, to provide for a temporary increase in the rate of the Federal unemployment tax, and for other purposes.

The message also announced that the House had passed the following bills and joint resolution in which it requested the concurrence of the Senate:

H.R. 848. An act to amend section 1502 of title 38, United States Code, to provide vocational rehabilitation to certain veterans in need thereof to overcome the handicap of a disability incurred in or aggravated by active service after World War II and before the Korean conflict, or after the Korean conflict;

H.R. 1258. An act to amend the Longshoremen's and Harbor Workers' Compensation Act, as amended, to provide increased benefits in case of disabling injuries, and for other purposes;

H.R. 4363. An act to amend Public Law 86-272 relating to State taxation of interstate commerce;

H.R. 4469. An act to amend the Subversive Activities Control Act of 1950 so as to provide that no individual who willfully fails or refuses to answer, or falsely answers, certain questions relating to subversive activities, when summoned to appear before certain Federal agencies, shall be employed on any merchant vessel of the United States or within certain waterfront facilities in the United States;

H.R. 4539. An act to amend section 723 of title 38 of the United States Code to provide for immediate payment of dividends on insurance heretofore issued under section 621 of the National Service Life Insurance Act of 1940 which has been converted or exchanged for new insurance under such section, and for other purposes;

H.R. 5189. An act to amend the Internal Revenue Code of 1954 to exempt from tax income derived by a foreign central bank of issue from obligations of the United States;

H.R. 5463. An act to amend and extend the Sugar Act of 1948, as amended; and

H.J. Res. 124. Joint resolution to provide for amending section 3 of the Puerto Rican Federal Relations Act (64 Stat. 319), as amended (64 Stat. 458).

## ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 307. An act to authorize certain beach erosion control of the shore in San Diego County, Calif.;

S. 449. An act to extend the time in which the Outdoor Recreation Resources Review Commission shall submit its final report;

S. 1028. An act to amend the transitional provisions of the act approved August 7, 1959, entitled "Nematocide, Plant Regulator, Defoliant, and Desiccant Amendment of 1959"; and

S. 1116. An act to authorize the sale, without regard to the 6-month waiting period prescribed, of certain calcines and matte proposed to be disposed of pursuant to the Strategic and Critical Materials Stock Piling Act.

## HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles and referred as indicated:

H.R. 848. An act to amend section 1502 of title 38, United States Code, to provide vocational rehabilitation to certain veterans in need thereof to overcome the handicap of a disability incurred in or aggravated by active service after World War II and before the Korean conflict, or after the Korean conflict; and

H.R. 1258. An act to amend the Longshoremen's and Harbor Workers' Compensation Act, as amended to provide increased benefits in case of disabling injuries, and for other purposes, to the Committee on Labor and Public Welfare.

H.R. 4363. An act to amend Public Law 86-272 relating to State taxation of interstate commerce;

H.R. 4539. An act to amend section 723 of title 38 of the United States Code to provide for immediate payment of dividends on insurance heretofore issued under section 621 of the National Service Life Insurance Act of 1940 which has been converted or exchanged for new insurance under such section, and for other purposes;

H.R. 5189. An act to amend the Internal Revenue Code of 1954 to exempt from tax income derived by a foreign central bank of issue from obligations of the United States; and

H.R. 5463. An act to amend and extend the Sugar Act of 1948, as amended; to the Committee on Finance.

H.R. 4469. An act to amend the Subversive Activities Control Act of 1950 so as to provide that no individual who willfully fails or refuses to answer, or falsely answers, certain questions relating to subversive activities, when summoned to appear before certain Federal agencies, shall be employed on any merchant vessel of the United States or within certain waterfront facilities in the United States; to the Committee on the Judiciary.

H.J. Res. 124. Joint resolution to provide for amending section 3 of the Puerto Rican Federal Relations Act (64 Stat. 319), as amended (64 Stat. 458); to the Committee on Interior and Insular Affairs.

## LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

## COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

## EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.



## EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

## EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

Frank P. Briggs, of Missouri, to be Assistant Secretary for Fish and Wildlife, Department of the Interior;

John W. Bush, of Ohio, to be an Interstate Commerce Commissioner;

William H. Tucker, of Massachusetts, to be an Interstate Commerce Commissioner;

Capt. Donald M. Morrison, Capt. Ned W. Sprow, Capt. Irvin J. Stephens, and Capt. James A. Alger, Jr., for promotion to the permanent rank of rear admiral in the U.S. Coast Guard; and

Edwin K. McCaffrey, and sundry other persons, for permanent appointment in the Coast and Geodetic Survey.

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs:

Ralphael M. Palewonsky, of the Virgin Islands, to be Governor of the Virgin Islands.

The VICE PRESIDENT. If there be no further reports of committees, the nomination on the calendar will be stated.

## PEACE CORPS

The Chief Clerk read the nomination of Robert Sargent Shriver, Jr., of Illinois, to be Director of the Peace Corps.

Mr. DIRKSEN. Mr. President, Sargent Shriver comes from Illinois. He has served with distinction, as I think is agreed by all, as president of the Chicago Board of Education. He has been named Director of the Peace Corps.

Although I recognize there is some controversy about the Peace Corps as a function, I believe, however, that Sargent Shriver will bring to it a sense of dedication and diligence and a deft touch. If this kind of an operation can succeed at all, certainly it can succeed under his direction and management; and I completely approve this nomination.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. I wish to join the distinguished minority leader in what he has said just now; and I wish to join him in expressing the hope that with the creation of this corps, the choice of applicants will be very selective, and that there will not be brought into the corps anyone who will think of it as a joyride, or will come in because he may get at trip at governmental expense, or will come in because he is only emotionally involved. The Corps does give us an opportunity, of course, to make effective use of the idealism and goodwill that has always flourished in this country. Those who are selected for this organization will, in effect, be ambassadors,

each in his own right, to represent our country overseas.

So, Mr. President, on the basis of conversations had with Mr. Shriver and the testimony taken before the Foreign Relations Committee, I am hopeful that he will be very selective and very careful, so that we shall obtain the most competent young and old Americans in this corps, which can do so much good, but if not directed correctly, could do us considerable harm.

Mr. DIRKSEN. Mr. President, in view of the gracious remarks of the majority leader, I might amplify a little further: I have had rather extended meetings with Sargent Shriver, and we have discussed in great detail this entire matter.

I believe he is mindful of the dangers involved, and believes that they can be surmounted. After all, this is not a new operation, in the sense that a comparable type of work has been going on in this country and in other countries, as well, by the Society of Friends, commonly known as the Quakers; the United Brethren; the Mormons; and international voluntary services, all of whom have been active in this field over a long period of time in what I think is a rather comparable effort. The emphasis has been in the creature field—on health, medical care, housing, shelter, food, and the prevention and cure of disease. Of course, the people can readily understand those things.

This work does require training, indoctrination, and certain skills; and the success of the program will be measured in large degree, I believe, by the kind of training those in it receive. That training is to be given, as I understand, insofar as possible, at a number of universities during the summer season, when those facilities will not be in use by the universities themselves.

I am informed that there will be thorough screening, and that every effort will be made to insure that those who do go abroad will have the necessary skills, in order to be able to render efficient service.

I did mention at the time of my discussions with Mr. Shriver that, if necessary, we could follow the general line laid down by the President in his message, when he spoke of this as something of a pilot program. To be sure, the Executive order issued on March 1 will be supplemented by a request for legislation and funds; but there will be an effort to examine carefully the entire matter and to make sure that it is soundly based.

I would also emphasize one other thing: The Peace Corps as an entity is actually in being today. Perhaps that has been forgotten. I am not insensible of the fact that no one other than the headquarters staff has been selected. But the Peace Corps has been established by an Executive order; and funds have been transferred, insofar as that could legally be done, from some of the functions in the mutual security program. So it can be stated that this function is definitely launched and is in being; and from here on it will now have to have the necessary implementation.

Mr. MANSFIELD. Mr. President, I agree with the distinguished minority

leader in what he has said. The corps has been established, and has been established on a legal basis.

I hope the experience of foundations, church groups, missionary groups, and the like will be taken into consideration. I hope the prerequisite will not always be a college diploma, because there are many experienced retired people who can make significant contributions, and there are many of our young farmers—for example, those in the 4-H field—who likewise can make great contributions.

Mr. Shriver has been very forthright, candid, and honest in expressing his views. He is fully aware of the difficulties. I know he will be discreet and careful, and I can think of no better choice for this particular position than this gentleman from the State of Illinois.

Mr. McGEE. Mr. President, I should like to take this opportunity to express deep satisfaction at the nomination of R. Sargent Shriver as Director of the Peace Corps and wish him every possible success in his imaginative and challenging program which has been undertaken by the Kennedy administration.

Mr. Shriver brings to this task a dedication and a fresh and vigorous approach that has come to characterize all the nominations of the President. Mr. Shriver's willingness to accept this post, with no consideration of personal remuneration to himself and with an awareness of the staggering amount of work to be accomplished to make the Peace Corps a success, is a tribute both to the man and to the concept of the corps.

The objectives of the Peace Corps have caught the imagination and fired the hopes of all America and a large portion of the free world, and I am confident that if future recruits and servants of the corps possess the abilities and enthusiasm of its Director, Mr. Shriver, they will be extraordinarily successful in making the Peace Corps program a chief instrument of this country's efforts to bring peace and harmony to the world.

At a later date I shall have more to say on the Peace Corps as it develops. It has fired the imaginations of so many of our youth and kindled the hopes of even more to such an extent that we may find it necessary to move faster and on a much broader scale than presently envisioned.

The VICE PRESIDENT. The question is, Will the Senate advise and consent to the nomination?

Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

## LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.



which the House passed judgment in the affirmative on March 1.

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. I wish to ask the gentleman whether this bill, basically improved as it has been as a result of further action in the conference, is not about the same in two major respects at least as the bill which passed the House?

Mr. BYRNES of Wisconsin. Oh, yes.

Mr. MILLS. And that this program is the same program for the imposition of the tax as the bill which passed the House.

Mr. BYRNES of Wisconsin. Fundamentally we have made no radical changes in the bill so far as it passed either the Senate or the House. It remains basically the same. But we have made some improvements as a result of action taken by the Senate and the conferees.

So, I submit that the choice that we now have, namely, the vote on the conference report should be decided in the affirmative. The report should be accepted so far as the House is concerned. I would think we should accept it because, as far as I am concerned, it is an improvement over the House passed bill.

Mr. MILLS. Mr. Speaker, will the gentleman yield further?

Mr. BYRNES of Wisconsin. I yield.

Mr. MILLS. I would point out that we retained the basic concept and accepted amendments that tighten up the overall bill.

Mr. BYRNES of Wisconsin. That is correct.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield.

Mr. GROSS. It still means that of the approximately \$11 million tax collected in the State of Iowa there will be returned only \$3,500,000 in benefits.

Mr. BYRNES of Wisconsin. I am not suggesting that the bill as changed is perfect and meets all objections. Basically it is the same legislation as passed the House, but in the mind of the conferees if we accept the conference report we certainly have made an improvement.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The question was taken, and the Chair announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 362, nays 31, not voting 38, as follows:

[Roll No. 20]

YEAS—362

Abbott  
Abernethy  
Adair  
Addabbo  
Addonizio  
Albert  
Alexander  
Alford  
Andersen, Minn.  
Anderson, Ill.  
Andrews  
Anfuso  
Ashbrook  
Ashley  
Ashmore  
Aspinall  
Auchincloss  
Avery  
Ayres  
Bailey  
Baldwin  
Baring  
Barrett  
Barry  
Bass, N.H.  
Bates  
Becker  
Beckworth  
Belcher  
Bell  
Bennett, Fla.  
Bennett, Mich.  
Betts  
Blatnik  
Blitch  
Boggs  
Boland  
Bolling  
Bolton  
Bonner  
Bow  
Brademas  
Bray  
Breeding  
Brewster  
Brooks, La.  
Brooks, Tex.  
Broomfield  
Brown  
Burke, Ky.  
Burke, Mass.  
Byrne, Pa.  
Byrnes, Wis.  
Cannon  
Carey  
Casey  
Cederberg  
Celler  
Chamberlain  
Chelf  
Chenoweth  
Chipsfield  
Church  
Clancy  
Clark  
Coad  
Collier  
Colmer  
Conte  
Cook  
Cooley  
Corbett  
Corman  
Cramer  
Cunningham  
Curtin  
Curtis, Mass.  
Curtis, Mo.  
Daddario  
Dague  
Daniels  
Davis, James C.  
Davis, John W.  
Dawson  
Delaney  
Dent  
Denton  
Derounian  
Derwinski  
Devine  
Dingell  
Donohue  
Dooley  
Dowdy  
Downing

Doyle  
Dulski  
Durno  
Dwyer  
Edmondson  
Elliott  
Ellsworth  
Fallon  
Farbstein  
Fascell  
Fenton  
Finnegan  
Fino  
Fisher  
Flood  
Flynt  
Fogarty  
Ford  
Forrester  
Fountain  
Frelinghuysen  
Friedel  
Fulton  
Gallagher  
Galland  
Garmatz  
Gary  
Gathings  
Gavin  
Gialmo  
Gilbert  
Glenn  
Goodell  
Goodling  
Grant  
Green, Oreg.  
Green, Pa.  
Griffin  
Griffiths  
Gubser  
Hagan, Ga.  
Hagen, Calif.  
Halley  
Halpern  
Hansen  
Harding  
Hardy  
Harris  
Harrison, Va.  
Harrison, Wyo.  
Harsha  
Harvey, Ind.  
Harvey, Mich.  
Hays  
Healey  
Hebert  
Hechler  
Hemphill  
Henderson  
Herlong  
Hoeven  
Holland  
Holtzman  
Horan  
Hosmer  
Huddleston  
Hull  
Ichord  
Ikard  
Inouye  
Jarman  
Jennings  
Joelson  
Johnson, Calif.  
Johnson, Md.  
Johnson, Wis.  
Jones, Ala.  
Jones, Mo.  
Judd  
Karsten  
Karth  
Kastenmeier  
Kearns  
Kee  
Keith  
Kelly  
Keogh  
Kilday  
Kilgore  
King, Calif.  
King, N.Y.  
King, Utah  
Kirwan  
Kitchin  
Kluczynski  
Knox  
Kornegay

Kowalski  
Laird  
Landrum  
Lane  
Langen  
Latta  
Lennon  
Lesinski  
Libonati  
Lindsay  
Lipscomb  
Loser  
McCormack  
McCulloch  
McDowell  
McFall  
McIntire  
McMillan  
McSweeney  
MacGregor  
Machrowicz  
Mack  
Madden  
Magnuson  
Mahon  
Mailliard  
Marshall  
Matthews  
May  
Meader  
Merrow  
Michel  
Miller, Clem  
Miller, N.Y.  
Millikin  
Mills  
Minshall  
Moeller  
Monagan  
Monroya  
Moore  
Moorehead, Ohio  
Moorhead, Pa.  
Morgan  
Morris  
Morrison  
Morse  
Mosher  
Moss  
Moulder  
Multer  
Murphy  
Murray  
Natcher  
Nelsen  
Nix  
Norblad  
O'Brien, Ill.  
O'Brien, N.Y.  
O'Hara, Ill.  
O'Hara, Mich.  
Olsen  
O'Neill  
Osmers  
Ostertag  
Passman  
Patman  
Pelly  
Perkins  
Peterson  
Pfost  
Philbin  
Pike  
Pitcher  
Pillion  
Pirnie  
Poage  
Poff  
Price  
Pucinski  
Quile  
Rains  
Randall  
Reuss  
Rhodes, Ariz.  
Rhodes, Pa.  
Riehlman  
Riley  
Rivers, Alaska  
Rivers, S.C.  
Roberts  
Robison  
Rodino  
Rogers, Colo.  
Rogers, Fla.  
Roosevelt

Rostenkowski  
Roudebush  
Rutherford  
Ryan  
St. George  
St. Germain  
Santangelo  
Saund  
Saylor  
Schadeberg  
Schenck  
Schneebell  
Schweiker  
Schwengel  
Scott  
Seely-Brown  
Selden  
Shelley  
Sheppard  
Shipley  
Shriver  
Sibal  
Sikes  
Siler  
Sisk

Alger  
Batkin  
Beermann  
Berry  
Bromwell  
Broyhill  
Bruce  
Burleson  
Dole  
Dominick  
Dorn

Arends  
Baker  
Bass, Tenn.  
Boykin  
Buckley  
Cahill  
Cohelan  
Davis, Tenn.  
Diggs  
Everett  
Evins  
Feighan  
Frazier  
Granahan

Slack  
Smith, Iowa  
Smith, Miss.  
Smith, Va.  
Spence  
Springer  
Stafford  
Staggers  
Steed  
Stephens  
Stratton  
Stubblefield  
Sullivan  
Taylor  
Teague, Calif.  
Thomas  
Thompson, N.J.  
Thompson, Tex.  
Thomson, Wis.  
Thornberry  
Toll  
Tollefson  
Trimble  
Tuck  
Ullman

NAYS—31  
Findley  
Gross  
Hiestand  
Hoffman, Ill.  
Hoffman, Mich.  
Johansen  
Kilburn  
Kyl  
McVey  
Martin, Nebr.  
Mason

NOT VOTING—38

Gray  
Hall  
Halleck  
Hollifield  
Jensen  
Jonas  
Lankford  
McDonough  
Macdonald  
Martin, Mass.  
Mathias  
Miller, George P.  
O'Konski

Vanik  
Van Pelt  
Van Zandt  
Vinson  
Walshausen  
Watts  
Weaver  
Weis  
Westland  
Wharton  
Whitener  
Whitten  
Wickersham  
Widnall  
Williams  
Willis  
Wilson, Calif.  
Wilson, Ind.  
Winstead  
Yates  
Young  
Younger  
Zablocki  
Zelenko

Nygaard  
Ray  
Reifel  
Rogers, Tex.  
Rousselot  
Short  
Taber  
Teague, Tex.  
Utt

Powell  
Rabaut  
Rooney  
Scherer  
Scranton  
Smith, Calif.  
Thompson, La.  
Tupper  
Walter  
Whalley  
Wright

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Martin of Massachusetts for, with Mr. Smith of California against.

Until further notice:

Mr. Rabaut with Mr. Halleck.  
Mr. Rooney with Mr. Arends.  
Mr. Diggs with Mr. Cahill.  
Mr. Walter with Mr. Jonas.  
Mr. Thompson of Louisiana with Mr. Tupper.  
Mr. Wright with Mr. Scranton.  
Mr. Davis of Tennessee with Mr. Scherer.  
Mr. Buckley with Mr. Baker.  
Mr. George P. Miller with Mr. McDonough.  
Mr. Cohelan with Mr. Hall.  
Mrs. Granahan with Mr. Jensen.  
Mr. Feighan with Mr. Mathias.  
Mr. Macdonald with Mr. O'Konski.  
Mr. Hollifield with Mr. Whalley.

Mr. RIVERS of South Carolina changed his vote from "nay" to "yea."

Mr. RHODES of Arizona changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.



**SPECIAL MESSAGE ON FOREIGN AID—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 117)**

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Foreign Affairs, and ordered to be printed:

*To the Congress of the United States:*

This Nation must begin any discussion of foreign aid in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.

2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.

3. There exists, in the 1960's, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

I

Foreign aid—America's unprecedented response to world challenges—has not been the work of one party or one administration. It has moved forward under the leadership of two great Presidents—Harry Truman and Dwight Eisenhower—and drawn its support from forward-looking members of both political parties in the Congress and throughout the Nation.

Our first major foreign aid effort was an emergency program of relief—of food and clothing and shelter—to areas devastated by World War II. Next we embarked on the Marshall plan—a towering and successful program to rebuild the economies of Western Europe and prevent a Communist takeover. This was followed by point 4—an effort to make scientific and technological advances available to the people of developing nations. And recently the concept of development assistance, coupled with the OECD, has opened the door to a united free world effort to assist the economic and social development of the less-developed areas of the world.

To achieve this new goal we will need to renew the spirit of common effort which lay behind our past efforts—we must also revise our foreign aid organization, and our basic concepts of operation to meet the new problems which now confront us.

For no objective supporter of foreign aid can be satisfied with the existing program—actually a multiplicity of programs. Bureaucratically fragmented, awkward and slow, its administration is diffused over a haphazard and irrational structure covering at least four departments and several other agencies. The program is based on a series of legislative measures and administrative pro-

cedures conceived at different times and for different purposes, many of them now obsolete, inconsistent and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

The program requires a highly professional skilled service, attracting substantial numbers of high-caliber men and women capable of sensitive dealing with other governments, and with a deep understanding of the process of economic development. However, uncertainty and declining public prestige have all contributed to a fall in the morale and efficiency of those employees in the field who are repeatedly frustrated by the delays and confusions caused by overlapping agency jurisdictions and unclear objectives. Only the persistent efforts of those dedicated and hard-working public servants who have kept the program going, managed to bring some success to our efforts overseas.

In addition, uneven and undependable short-term financing has weakened the incentive for the long-term planning and self-help by the recipient nations which are essential to serious economic development. The lack of stability and continuity in the program—the necessity to accommodate all planning to a yearly deadline—when combined with a confusing multiplicity of American aid agencies within a single nation abroad—have reduced the effectiveness of our own assistance and made more difficult the task of setting realistic targets and sound standards. Piecemeal projects, hastily designed to match the rhythm of the fiscal year are no substitute for orderly long-term planning. The ability to make long-range commitments has enabled the Soviet Union to use its aid program to make developing nations economically dependent on Russian support—thus advancing the aims of world communism.

Although our aid programs have helped to avoid economic chaos and collapse, and assisted many nations to maintain their independence and freedom—nevertheless it is a fact that many of the nations we are helping are not much nearer sustained economic growth than they were when our aid operation began. Money spent to meet crisis situations or short-term political objectives while helping to maintain national integrity and independence has rarely moved the recipient nation toward greater economic stability.

II

In the face of these weaknesses and inadequacies—and with the beginning of a new decade of new problems—it is proper that we draw back and ask with candor a fundamental question: Is a foreign aid program really necessary? Why should we not lay down this burden which our Nation has now carried for some 15 years?

The answer is that there is no escaping our obligations: Our moral obligations as a wise leader and good neighbor in the interdependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from

abroad that once helped us develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.

To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it.

We live at a very special moment in history. The whole southern half of the world—Latin America, Africa, the Middle East, and Asia—are caught up in the adventures of asserting their independence and modernizing their old ways of life. These new nations need aid in loans and technical assistance just as we in the northern half of the world drew successively on one another's capital and know-how as we moved into industrialization and regular growth.

But in our time these new nations need help for a special reason. Without exception they are under Communist pressure. In many cases, that pressure is direct and military. In others, it takes the form of intense subversive activity designed to break down and supersede the new—and often frail—modern institutions they have thus far built.

But the fundamental task of our foreign aid program in the 1960's is not negatively to fight communism: Its fundamental task is to help make a historical demonstration that in the 20th century, as in the 19th—in the southern half of the globe as in the north—economic growth and political democracy can develop hand in hand.

In short we have not only obligations to fulfill, we have great opportunities to realize. We are, I am convinced, on the threshold of a truly united and major effort by the free industrialized nations to assist the less-developed nations on a long-term basis. Many of these less-developed nations are on the threshold of achieving sufficient economic, social and political strength and self-sustained growth to stand permanently on their own feet. The 1960's can be—and must be—the crucial "Decade of Development"—the period when many less-developed nations make the transition into self-sustained growth—the period in which an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. This goal is in our grasp if, and only if, the other industrialized nations now join us in developing with the recipients a set of commonly agreed criteria, a set of long-range goals, and a common undertaking to meet those goals, in which each nation's contribution is related to the contributions of others and to the precise needs of each less-developed nation. Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world, to which all free nations can contribute, in



which each free nation must assume a responsibility proportional to its means.

We must unite the free industrialized nations in a common effort to help those nations within reach of stable growth get underway. And the foundation for this unity has already been laid by the creation of the OECD under the leadership of President Eisenhower. Such a unified effort will help launch the economies of the newly developing countries "into orbit"—bringing them to a stage of self-sustained growth where extraordinary outside assistance is not required. If this can be done—and I have every reason to hope it can be done—then this decade will be a significant one indeed in the history of freemen.

But our success in achieving these goals, in creating an environment in which the energies of struggling peoples can be devoted to constructive purposes in the world community—and our success in enlisting a greater common effort toward this end on the part of other industrialized nations—depends to a large extent upon the scope and continuity of our own efforts. If we encourage recipient countries to dramatize a series of short-term crises as a basis for our aid—instead of depending on a plan for long-term goals—then we will dissipate our funds, our good will, and our leadership. Nor will we be any nearer to either our security goals or to the end of the foreign aid burden.

In short, this Congress at this session must make possible a dramatic turning point in the troubled history of foreign aid to the underdeveloped world. We must say to the less-developed nations, if they are willing to undertake necessary internal reform and self-help—and to the other industrialized nations, if they are willing to undertake a much greater effort on a much broader scale—that we then intend during this coming decade of development to achieve a decisive turnaround in the fate of the less-developed world, looking toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed.

However, this will not be an easy task. The magnitude of the problems is staggering. In Latin America, for example, population growth is already threatening to outpace economic growth—and in some parts of the continent living standards are actually declining. In 1945 the population of our 20 sister American Republics was 145 million. It is now greater than that of the United States, and by the year 2000, less than 40 years away, Latin American population will be 592 million, compared with 312 million for the United States. Latin America will have to double its real income in the next 30 years simply to maintain already low standards of living. And the problems are no less serious or demanding in the other developing areas of the world. Thus to bring real economic progress to Latin America and to the rest of the less-developed world will require a sustained and united effort on the part of the Latin American Republics, the United States and our free world allies.

This will require leadership, by this country in this year. And it will require a fresh approach—a more logical, efficient and successful long-term plan—for American foreign aid. I strongly recommend to the Congress the enactment of such a plan, as contained in a measure to be sent shortly to the Congress and described below.

### III

If our foreign aid funds are to be prudently and effectively used, we need a whole new set of basic concepts and principles:

1. Unified administration and operation: A single agency in Washington and the field, equipped with a flexible set of tools, in place of several competing and confusing aid units.

2. Country plans: A carefully thought through program tailored to meet the needs and the resource potential of each individual country, instead of a series of individual, unrelated projects. Frequently, in the past, our development goals and projects have not been undertaken as integral steps in a long-range economic development program.

3. Long-term planning and financing: The only way to make meaningful and economical commitments.

4. Special emphasis on development loans repayable in dollars: More conducive to business-like relations and mutual respect than sustaining grants or loans repaid in local currencies, although some instances of the latter are unavoidable.

5. Special attention to those nations most willing and able to mobilize their own resources, make necessary social and economic reforms, engage in long-range planning, and make the other efforts necessary if these are to reach the stage of self-sustaining growth.

6. Multilateral approach: A program and level of commitments designed to encourage and complement an increased effort by other industrialized nations.

7. A new agency with new personnel: Drawing upon the most competent and dedicated career servants now in the field, and attracting the highest quality from every part of the Nation.

8. Separation from military assistance: Our program of aid to social and economic development must be seen on its own merits, and judged in the light of its vital and distinctive contribution to our basic security needs.

### IV

I propose that our separate and often confusing aid programs be integrated into a single administration embracing the present Washington and field operations of—

A. The International Cooperation Administration (ICA) and all its technical assistance (point 4) and other programs;

B. The Development Loan Fund (DLF);

C. The food-for-peace program (Public Law 480) in its relations with other countries, while also recognizing its essential role in our farm economy;

D. The local currency lending activities of the Export-Import Bank;

E. The Peace Corps, recognizing its distinctive contribution beyond the area of economic development;

F. The donation of nonagricultural surpluses from other national stockpiles of excess commodities or equipment;

G. All other related staff and program services now provided by the Department of State as well as ICA.

The fieldwork in all these operations will be under the direction of a single mission chief in each country reporting to the American Ambassador. This is intended to remove the difficulty which the aided countries and our own field personnel sometimes encounter in finding the proper channel of decision-making. Similarly, central direction and final responsibility in Washington will be fixed in an Administrator of a single agency—reporting directly to the Secretary of State and the President—working through Washington directors for each major geographical area, and through the directors of the constituent resource units whose functions are drawn together in each national plan: a development lending organization, food for peace, the Peace Corps, and a unit for technical and other assistance stressing education and human resources—initiating a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort; and, in addition, the Secretary of State will coordinate with economic aid the military assistance program administered by the Department of Defense, the related operations of the Export-Import Bank, and the role of the United States in the Inter-American Fund for Social Progress and activities of international organizations.

Under the jurisdiction of both the Secretary of State in Washington and the Ambassadors in the field, foreign aid can more effectively play its part as an effective instrument of our overall efforts for world peace and security. The concentration of responsibilities and increased status will both require and attract high-caliber personnel. Programs such as the Peace Corps and food for peace, far from being submerged, will be used more effectively and their distinctive identity and appeal preserved—and food for peace will continue to be based on availabilities determined by the Department of Agriculture.

But I am not proposing merely a reshuffling and relabeling of old agencies and their personnel, without regard to their competence. I am recommending the replacement of these agencies with a new one—a fresh start under new leadership.

### V

But new organization is not enough. We need a new working concept.

At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; that these targets be based on balanced programs for their own economic, educational and social growth—programs which use their own resources to the maximum. If planning assistance is required, your own aid organization will



be prepared to respond to requests for such assistance, along with the International Bank for Reconstruction and Development and other international and private institutions. Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help and internal reform, including land reform, tax reform and improved education and social justice, which its own development requires and which would increase its capacity to absorb external capital productively.

These national development programs—and the kind of assistance the free world provides—must be tailored to the recipients' current stage of development and their foreseeable potential. A large infusion of development capital cannot now be absorbed by many nations newly emerging from a wholly underdeveloped condition. Their primary need at first will be the development of human resources, education, technical assistance and the groundwork of basic facilities and institutions necessary for further growth. Other countries may possess the necessary human and material resources to move toward status as developing nations, but they need transitional assistance from the outside to enable them to mobilize those resources and move into the more advanced stage of development where loans can put them on their feet. Still others already have the capacity to absorb and effectively utilize substantial investment capital.

Finally, it will be necessary, for the time being, to provide grant assistance to those nations that are hard pressed by external or internal pressure, so that they can meet those pressures and maintain their independence. In such cases it will be our objective to help them, as soon as circumstances permit, make the transition from instability and stagnation to growth; shifting our assistance as rapidly as possible from a grant to a development loan basis. For our new program should not be based merely on reaction to Communist threats or short-term crises. We have a positive interest in helping less-developed nations to provide decent living standards for their people and achieve sufficient strength, self-respect and independence to become self-reliant members of the community of nations. And thus our aid should be conditioned on the recipients' ability and willingness to take the steps necessary to reach that goal.

To meet the varied needs of many nations, the new aid administration will have a flexible set of tools, coordinated and shaped to fit each national development program: the grant or sale (for either local currency or dollars with special repayment terms) of surplus foods, equipment and other items; technical assistance; skilled manpower from the Peace Corps; development grants; transitional, sustaining, or emergency grants; development loans repayable in local currency; and development loans repayable in dollars, with special terms of repayment that will meet the needs of the recipient country. These tools

will be coordinated with the activities of the Export-Import Bank, and with loan and investment guarantees to private enterprise.

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest, repayable in dollars, and designed to promote growth in those less-developed nations which have a real chance for ultimate self-reliance but which lack the ability to service loans from normal lending institutions. The terms of repayment will vary from as long as 50 years for those countries just starting on the road to development, to a much shorter period of time for those countries that are nearing the stage of self-sufficient growth.

Such long-term loans are preferable to outright grants, or "soft loans" repayable in local currencies that are of little benefit to the American taxpayer.

The emphasis on low or interest-free loans is not designed to undercut other institutions. The objective is to rely on flexibility in the repayment period and the requirement of ultimate dollar repayment for insuring strict accountability while meeting individual needs in an area not met by suppliers of capital on normal terms.

Lending on these terms is not normal banking practice. We are banking on the emergence over coming years and decades of a group of independent, growing, self-reliant nations.

#### VI

A program based on long-range plans instead of short-run crises cannot be financed on a short-term basis. Long-term authorization, planning and financing are the key to the continuity and efficiency of the entire program. If we are unwilling to make such a long-term commitment, we cannot expect any increased response from other potential donors or any realistic planning from the recipient nations.

I recommend, therefore, an authorization for the new aid agency of not less than 5 years, with borrowing authority also for 5 years to commit and make dollar repayable loans within the limits spelled out below. No other step would be such a clear signal of our intentions to all the world. No other step would do more to eliminate the restrictions and confusions which have rendered the current foreign aid program so often ineffective. No other step would do more to help obtain the service of topflight personnel. And in no other way can we encourage the less-developed nations to make a sustained national effort over a long-term period.

For, if we are to have a program designed to brighten the future, that program must have a future. Experience has shown that long-range needs cannot be met evenly and economically by a series of 1-year programs. Close consultation and cooperation with the Congress and its committee will still be essential, including an annual review of the program.

And we will still need annual appropriations of those amounts needed to meet requirements for which dollar repayable loans would be unsuitable.

These appropriations should be available until spent in order to avoid any wasteful rush to obligate funds at the end of a fiscal year.

The new continuity and flexibility this kind of long-term authority will bring cannot help but result in more productive criteria, a greater effort on the part of the developing nations, greater contributions from our more prosperous allies, more solid results and real long-run economy to the taxpayers. The new emphasis on long-term plans and realistic targets will give both the Congress and the Executive a better basis for evaluating the validity of our expenditures and progress.

#### VII

A long-term program and borrowing authority, even though limited, will enable us to demonstrate the seriousness of our intentions to other potential donors and to the less-developed world. Over the next 5 years, the economic program here proposed, together with an expanded food-for-peace program as recommended in my agricultural message, and project loans by the Export-Import Bank, will constitute direct U.S. economic assistance activity of considerable magnitude.

It will, however, take time to institute the new concepts and practices which are proposed. Thus, during this initial year, while we will need to make the necessary long-term commitments for development lending, it is unnecessary to ask the Congress for any additional funds for this year's program.

Consequently, while the funds requested by my predecessor will be sharply shifted in terms of their use and purpose, I am asking the Congress for a total foreign aid budget of new obligational authority no greater than that requested in the rockbottom budget previously submitted (\$4 billion) despite the fact that the number of new nations needing assistance is constantly increasing; and, though increasing such authority for nonmilitary aid while reducing military assistance, this budget provides for a level of actual expenditures on nonmilitary aid no greater than reflected in the previous budget (\$1.9 billion). (These figures do not, of course, reflect Public Law 480 operations.)

In deciding on this program, I have also carefully considered its impact on our balance of payments. We are now putting maximum emphasis, in both our development lending and grant aid programs, on the procurement of goods and services of U.S. origin. As I pointed out in my message on the balance of payments, under present procedures not more than 20 percent of foreign economic aid expenditures will affect our balance of payments. This means that approximately \$2 billion out of the requested \$2.4 billion in economic aid will be spent directly for goods and services benefiting the American economy.

This is important. For not only do we have the highest gross national product, both total and per capita, of any country in the world, thus making clear both our obligations and our capacity to do our full part, but we are currently underutilizing our great economic ca-



capacity because of economic recession and slack. Less than 80 percent of our industrial capacity is now in use, and nearly 7 percent of our labor force is unemployed. Under these circumstances, cutbacks in the foreign aid program would be felt not only in loss of economic progress and hope abroad, but in loss of markets and income for business, labor, and agriculture at home.

In short, this program will not in whole or in part unbalance the previous budget in any fashion. Its impact on our balance of payments will be marginal. And its benefits for our domestic economy should not be overlooked.

The \$4 billion previously requested for fiscal year 1962 will be reallocated under this new program as follows:

Military assistance will be reduced from the \$1.8 billion requested to \$1.6 billion, as discussed below.

Economic assistance, with a much greater portion going to development loans, a small increase in development grants, and a reduction in sustaining grants, will total \$2.4 billion.

Of this, \$1.5 billion will be contained in the usual annual appropriation of new obligational authority to finance the part of the program that is not suitable for dollar development loans: grants for education, social progress and institutional development, the Peace Corps, and sustaining aid. Nine hundred million dollars will be available for long-term, low, or interest-free development loans to be repaid in dollars, financed through an authorization of public debt borrowing authority which would also provide no more than \$1.6 billion for each of the succeeding 4 years. Also to be made available for such loans under the new system of full coordination will be the unappropriated dollar funds now coming in in repayment of the principal and interest on certain previous loans to foreign governments (United Kingdom, ECA, GARIOA, and others—but not the Export-Import Bank).

#### VIII

The economic programs I am recommending in this message cannot succeed without peace and order. A vital element toward such stability is assurance of military strength sufficient to protect the integrity of these emerging nations while they are advancing to higher and more adequate levels of social and economic well-being.

I shall, therefore, request the Congress to provide at this time \$1.6 billion for provision of military assistance. This figure is the amount required to meet the U.S. share in maintaining forces that already exist, and to honor firm existing commitments for the future.

I am frank to say that we cannot now say with precision whether this amount will meet the minimum level of military aid which our basic security policy might demand this year. The emergence of new crises, or new conflicts, may require us to make an even greater effort.

However, while I have mentioned in this message the amount to be allocated to military assistance, those funds, while coordinated with the policies of the new Agency, will not be administered by it and should not be included in its appropriation. In order to make clear the

peaceful and positive purposes of this program, to emphasize the new importance this administration places on economic and social development quite apart from security interests, and to make clear the relation between the military assistance program and those interests, I shall propose a separate authorization for military assistance with appropriations as part of the Defense budget. Moreover, to the extent that world security conditions permit, military assistance will in the future more heavily emphasize the internal security, civil works and economic growth of the nations thus aided. By this shift in emphasis, we mean no lessening of our determination to oppose local aggression wherever it may occur. We have demonstrated our will and ability to protect free world nations—if they so desire—from the type of external threat with which many of them are still confronted. We will not fall short on this.

#### IX

The levels on which this new program is based are the minimum resulting from a hard reappraisal of each type of assistance and the needs of the less-developed world. They demonstrate both to the less-developed nations and to the other industrialized nations that this country will meet its fair share of effort necessary to accomplish the desired objective, and their effort must be greater as well. These are the rockbottom minimum of funds necessary to do the job. To provide less would be wasteful, perhaps more wasteful, than to provide more. Certainly it would be wasteful to the security interest of the free world.

But I am hopeful that the Congress will not provide less. Assistance to our fellow nations is a responsibility which has been willingly assumed and fashioned by two great Presidents in the past, one from each party—and it has been supported by the leaders of both parties in both Houses who recognized the importance of our obligations.

I believe the program which I have outlined is both a reasonable and sensible method of meeting those obligations as economically and effectively as possible. I strongly urge its enactment by the Congress, in full awareness of the many eyes upon us—the eyes of other industrialized nations, awaiting our leadership for a stronger united effort—the eyes of our adversaries, awaiting the weakening of our resolve in this new area of international struggle—the eyes of the poorer peoples of the world, looking for hope and help, and needing an incentive to set realistic long-range goals—and, finally, the eyes of the American people, who are fully aware of their obligations to the sick, the poor and the hungry, wherever they may live. Thus, without regard to party lines, we shall take this step not as Republicans or as Democrats but as leaders of the free world. It will both befit and benefit us to take this step boldly. For we are launching a decade of development on which will depend, substantially, the kind of world in which we and our children shall live.

JOHN F. KENNEDY.

THE WHITE HOUSE, March 22, 1961.

#### COMMITTEE ON BANKING AND CURRENCY

Mr. ALBERT. Mr. Speaker, on behalf of the Committee on Banking and Currency, I ask unanimous consent that they may have until midnight tonight to file a report on the bill S. 1.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

#### COMMITTEE ON PUBLIC WORKS

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Public Works have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

#### AUTHORIZING CONSTRUCTION FOR MILITARY DEPARTMENTS

Mr. VINSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5000) to authorize certain construction at military installations, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Georgia.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 5000, with Mr. ELLIOTT in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. VINSON. Mr. Chairman, I yield myself 15 minutes.

(Mr. VINSON asked and was given permission to revise and extend his remarks.)

Mr. VINSON. Mr. Chairman, this bill, H.R. 5000, is known as the military construction authorization bill for fiscal year 1962.

Enactment of this legislation is necessary to provide construction and other related authority for the military departments and the Department of Defense for fiscal year 1962.

The construction program contained in this bill is, of course, based on the military forces which we plan to have over the next several years.

In the case of the Army, the program is based on 870,000 men. In the case of the Navy, the program represents the Shore Establishment necessary for 817 ships in actual commission and 625,000 personnel.

For the Air Force, we will have 88 wings by the end of fiscal year 1961 and 822,000 personnel. During the next several years, in the process of developing missile units, some decrease in this number of wings will occur. The committee was told, however, that this decrease will be offset somewhat by an increase in missile-squadron strength.

In summary, the program contained in this bill reflects the new construction authorization required by the military



departments to maintain our current military posture.

As the House is aware, the administration is now in the process of reviewing our entire defense posture.

Representatives of the Department of Defense have assured the committee that, although this review has not been completed, it will not result in any decrease in construction requirements but may result in a possible supplemental request for new construction authorization above that contained in this bill.

The preparation of this program, as you undoubtedly know, involves a compilation of all the construction requirements originally presented by the various field offices to the military departments in Washington. These original requests received from the field offices amounted to in excess of \$2 billion. This total in turn, was cut by the military departments in Washington to a reduced figure of \$1,352 million. The Office of the Assistant Secretary of Defense then scrutinized this request of the individual service departments and reduced this figure once again to \$785 million.

#### COMMITTEE REDUCTION

The Committee on Armed Services made a very close and detailed scrutiny of every item in this bill, and as a consequence we have further reduced the construction authorizations for the active forces another \$65 million. Therefore, the bill being presented to the House of Representatives contains a total of \$708 million of new authorization requests for the active forces of the Army, Navy, and Air Force.

Let me at this point deal with the grand total of the bill and the fashion in which it is broken down.

The grand total of the bill that the House is considering today is \$808,375,000.

Of this amount, \$708 million is for new construction for the active forces. This is broken down into \$144,238,000 for the Army; \$132,547,000 for the Navy; and \$431,015,000 for the Air Force.

As I have said, these total \$708 million. This is for the active force.

To this, however, we must add \$47,801,000 for deficiency authorization and \$52,801,000 for the Reserve components—that is to say the National Guard and the Reserve forces—for a grand total of approximately \$808 million.

The budget this year for military construction is \$985 million, and it is this sum which the Appropriations Committee has before it at this time for consideration. The difference between the amount of authorization and the requested amount of appropriations is explained by the fact that some authorization which still remains from prior years is also being funded this year.

In this connection, I am glad to point out that this year's program for the Active Forces is substantially below that of last years. New construction authority for the Active Forces is approximately \$290 million less than last year's authorization.

This drastic reduction in military construction requirements points up the fact that a substantial portion of the

new construction requirements of the departments have now been met.

Construction of Strategic Air Command dispersal bases and alert facilities and basic air defense installations will be virtually completed this year. However, decreases in these areas of military construction requirements have been partially offset by some increase for missile base construction.

#### LAND ACQUISITION

During consideration of this bill the committee has again this year, as in the past, emphasized the importance of utilization of existing real estate held by the military departments in accomplishment of the proposed military construction program.

Therefore, it was pleased to note that the construction program recommended by the departments involves the acquisition of less than 817 acres of new land requiring specific congressional approval.

The committee carefully scrutinized these new acquisitions and was satisfied that these additional acquisitions requested in the bill were essential to the continued modernization of our military installation and weapon systems.

#### NEW BASES

Other than the Navy's proposed Atlantic Underwater Test and Evaluation Center, there are no new bases, in the true sense of the term, authorized by this bill. There are some other installations which contemplate new and different activities but which are located immediately adjacent or close to existing bases and will receive their support from these existing bases.

#### HOSPITALS

The bill contains authorization for the construction of 8 new service hospitals ranging in size from 4 facilities, each having a 50-bed capacity, to one with a 500-bed capacity.

The Air Force will have a total of six of these new medical facilities and the Army and Navy one each.

The authorization provided to accomplish these projects is approximately \$31 million.

#### NUMBER OF INSTALLATIONS AND ITEMS IN THE BILL

There are 358 named installations in the bill, and 432 installations not specifically designated, making a grand total of 790 installations covered by the bill.

There are approximately 1,370 individual items in the bill, and as the printed hearings will reveal, these were dealt with by the committee in the closest detail.

#### HIGHLIGHTS

At this point, I would like for a moment to deal with the highlights of the Army, Navy, and Air Force programs contained in titles I, II, and III of H.R. 5000.

#### ARMY

First, the Army. As I have mentioned, the Army would get \$144,238,000 in this bill for new construction. The bulk of this is divided into the following major categories:

About \$22 million, or 15 percent, for research and test facilities, including support of the Nike-Zeus program.

About \$48 million, or 33 percent, for operational and training facilities. This category comprises one-third of the total Army program and includes system improvements for air defense, both within the United States and in overseas areas; improved communications facilities; and training facilities.

About \$17 million, or 12 percent, for supply facilities. This category includes new fuel storage facilities all within Korea; ammunition storage facilities overseas; cold storage facilities at Fort Hood, Tex., and a new storage building for the National Security Agency at Fort Meade, Md.

About \$10 million, or 7 percent, for hospital and medical facilities all of which, for practical purposes, is for construction within the United States, except for a hospital addition on Okinawa. The most significant single project within this category is that for the U.S. Army health facility at Fort Sill, Okla., in the amount of \$7.7 million.

There are a number of other smaller categories representing relatively minor increments in the total program. However, those which I have just described represent the major portions of the Army program.

#### NAVY

In the case of the Navy, the program, amounting to \$132,574,000, is broken down as follows:

About \$42 million, or 31 percent, for items directly required to support operations of the active fleet in projecting its fighting strength to control the sea.

About \$17 million, or 13 percent, to provide submarine warfare support facilities. This category of facilities provides the capability of the Navy submarine force, including Polaris, to train for and wage overseas warfare in ocean areas generally far removed from our shorelines.

About \$12½ million, or 9 percent, for facilities in support of the antisubmarine warfare forces. These facilities will support the Navy's air, surface, and subsurface forces for antisubmarine warfare.

Almost \$22 million, or 15 percent, for facilities in support of Marine Corps combat forces. These items are required for the training and effective utilization of the Marine Corps ground and air force in support of national objectives, including instant readiness for deployment to overseas areas of local unrest.

About \$12½ million, or 9 percent, for research, development, and test facilities required by the Navy in connection with its continual effort to remain abreast of new technological developments.

Again, there are a number of smaller items representing portions of the program which are relatively minor in their dollar amounts.

#### AIR FORCE

The Air Force would receive construction authority in the amount of \$431,015,000 under this bill.

As has been the case in prior years, the Air Force program again represents the largest single category of any of the three services. This situation is largely the result of the substantial authoriza-











# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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Issued May 29, 1961  
For actions of May 26, 1961  
87th-1st, No. 89

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**HIGHLIGHTS:** Senate received President's proposed foreign aid bill. Sen. Fulbright introduced and discussed this bill. Senate passed bill to provide for establishment of Joint Committee on the Budget. Senate committee reported bill to continue use of surplus commodities to assist underdeveloped areas. Sen. Williams, N. J., urged restrictions on use of Mexican farm labor. House committee voted to report housing bill.

## SENATE

1. **FOREIGN AID.** Received from the President his proposed foreign aid bill; to Foreign Relations Committee (pp. 8469-70). Attached to this Digest are excerpts from the President's letter transmitting the proposed bill.

Sen. Humphrey urged support for the bill and stated that he would do his best "to see to it that our foreign aid program is put on a continuing, long-term basis, rather than operated as a year-by-year, hypodermic, prophylactic treatment which cures nothing." pp. 8524-5

Sen. Fulbright announced that hearings by the Foreign Relations Committee on the bill would begin Wed., May 31. p. 8476

The Foreign Relations Committee voted to report (but did not actually report) with an amendment in the nature of a substitute bill S. 324, to provide for the establishment of a White Fleet of ships to render emergency assistance, including food supplies, to people of other nations in case of disaster. p. D394

The Foreign Relations Committee voted to report without amendment S. Res. 128, expressing it as the sense of the Senate that the President should explore with other nations the establishment of an international food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in foreign countries raw or processed farm products and other raw materials. p. D394



2. SURPLUS COMMODITIES; FOREIGN AID. The Foreign Relations Committee reported without amendment S. 1720, to continue the authority of the President under title II of Public Law 480 to utilize surplus agricultural commodities to assist needy peoples and to promote economic development in underdeveloped areas abroad (S. Rept. 290). p. 8470
3. BUDGETING. Passed without amendment S. 529, to amend the Legislative Reorganization Act of 1946 so as to provide for a Joint Committee on the Budget to evaluate the fiscal requirements of the executive agencies of the Government, etc. (pp. 8490-1). See Digest 83 for a summary of the bill.
4. TOBACCO. Passed without amendment H. R. 4940, to establish for scrap and filler tobacco originating in the Philippines certain requirements to be met before such tobacco can enter the U. S. free of duty. This bill will now be sent to the President. p. 8493
5. PERSONNEL. Passed without amendment S. 1456, to authorize an additional Assistant Secretary of Commerce. p. 8490
6. LAND. Passed without amendment S. 537, to amend the Surplus Property Act of 1944 so as to remove a technical restriction on the conveyance of surplus land for historic-monument purposes. p. 8491
7. PUBLICATIONS. Passed without amendment S. 540, to authorize agencies of the Federal Government to pay in advance for required publications. p. 8491
8. SURPLUS PROPERTY. Passed without amendment S. 796, to amend the Federal Property and Administrative Service Act so as to authorize the use of surplus property by State distribution agencies. p. 8492
9. HOUSING. Passed over, at the request of Sen. Muskie, S. 1922, the omnibus housing bill. p. 8494
10. TREASURY-POST OFFICE APPROPRIATION BILL, 1962. Passed over, at the request of Sen. Muskie, this bill, H. R. 5954. p. 5496
11. FARM PROGRAM. Sen. Symington inserted the testimony of Secretary Freeman before the S. Agriculture and Forestry Committee on May 3 in support of S. 1643, the farm bill. pp. 8479-83
12. FARM LABOR. The names of Sens. Hart, Proxmire, Dodd, Clark, Morse, Gruening, Kefauver, Case, N. J., Bartlett, Muskie, Long (Hawaii), and Burdick were added as cosponsors of S. 1945, to extend and amend the Mexican farm labor program. p. 8476
13. RURAL AFFAIRS. Passed without amendment S. 1869, to provide for the establishment of a commission on problems of small towns and rural counties. pp. 8494-5
14. GRAPES AND PLUMS. Passed without amendment S. 1462, authorizing the Secretary of Agriculture to establish minimum standards of quality for the exportation of any variety of grapes and plums. p. 8496
15. FARM LABOR. Sen. Williams, N. J., criticized the Mexican farm labor program, saying "providing foreign workers better protections than we accord American citizens raises the serious question of whether the rights and privileges of



EXCERPTS FROM THE PRESIDENT'S LETTER TRANSMITTING HIS PROPOSED FOREIGN AID BILL

"The legislation is drafted to provide for aid to social and economic development under an Act for International Development and to provide for military assistance under an International Peace and Security Act. It is designed to provide the concepts, the means, and the organization for programs of foreign aid attuned to the needs in the decade ahead.

"The Act for International Development seeks authorization for appropriations of \$1.69 billion for four major purposes:

"(a) To assist and support nations whose independence or stability depends upon such help and is important to our own security;

"(b) To provide for our share in certain programs under multilateral auspices;

"(c) To provide grant assistance to less-developed countries primarily to assist in the development of their human resources; and

"(d) To establish a presidential contingency fund to meet the unpredictable exigencies with which we will doubtless be confronted during the forthcoming year.

Loan Authorization

"The Act for International Development also seeks authorization by the Congress to make loans, repayable in U. S. dollars, to promote the economic development of less-developed countries and areas with emphasis upon long-term plans and programs designed to develop economic resources and increased productive capacities

"For this purpose I am asking the Congress for long-term authority in the form of public debt transactions which would make available for this purpose \$900 million in fiscal year 1962 and \$1.6 billion in each of the following four years. Additionally, repayments of previous foreign loans of about \$300 million annually would be made available for development lending. Authority to make firm long-term commitments is of paramount importance. \*\*\*

"The achievement of our goals requires effective organization arrangements to execute these programs. \*\*\*

"My decisions on foreign affairs organization are predicted on the following principles:

"First, authority for the conduct of activities which advance our foreign policy objectives should be vested in the President or other officials primarily concerned with foreign affairs.

"Second, international activities of domestic agencies should be clearly either (I) necessary extensions of their normal domestic missions or (II) undertaken on behalf of and in support of programs and objectives of the appropriate foreign affairs agencies.

"These guidelines are particularly important for our foreign development assistance program. Domestic agencies can and should make a substantial contribution to the success of this program, and I will expect the foreign affairs agencies to make maximum use of their resources, skills and experience. \*\*\*

"Responsibility and authority for the formulation and execution of the foreign development aid programs will be assigned to a single agency -- the agency for international development -- within the Department of State. It will replace the International Co-operation Administration and the Development Loan Fund, which will be abolished.

"The new agency -- AID -- will be headed by an administrator or Undersecretary rank reporting directly to the Secretary of State and the President. The internal organization of AID will be geographically focused to give operational meaning to the country plan concept. \*\*\*



"The new agency will develop the full potential of the use of agricultural commodities as an instrument of development assistance. The Department of Agriculture will continue its active role in respect to commodity availability, the disposal of surplus stocks, international marketing, and the relationship of domestic agricultural production to world food needs.

"In view of the inter-relationship of domestic agricultural products and their use for foreign policy purposes, I shall rely on the director of the Food-for-Peace program, Mr. George McGovern, to advise me in the formulation of policies for the constructive use of our agricultural abundance as well as to assist in the overall co-ordination of the program.

"The Peace Corps \*\*\* will continue as an agency within the Department of State and its director will have the rank of Assistant Secretary of State. \*\*\*

"The self-help efforts of less-developed nations, together with co-ordinated external assistance from economically advanced nations, must be coupled with a constructive approach in dealing with international commodity problems and barriers to international trade. Each of these approaches is needed if the goals of economic growth and stability are to be reached.

"The relationship of trade, aid, and other aspects of foreign economic policies involve the interests of many agencies of Government, particularly when both foreign and domestic economic considerations are an issue.

"It is, therefore, essential that interagency consultation and co-ordination be as meaningful and productive as possible and that the Secretary of State become the focal point of responsibility for the co-ordination of foreign economic policies.

"With these requirements in mind, I abolished the Council of Foreign Economic Policy, which had been chaired by a special assistant to the President. I have assigned the functions of the council to the Secretary of State. I shall expect him -- in facilitating executive branch co-ordination -- to choose whatever mechanisms he finds appropriate, including the formation of interagency working groups.

"This assignment will strengthen the affirmative leadership role of the Secretary of State in the development and integration of foreign economic policies. I have every confidence that the views of agencies concerned will be brought to bear on such matters early and fully."





United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 87<sup>th</sup> CONGRESS, FIRST SESSION

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No. 89

## House of Representatives

The House was not in session today. Its next meeting will be held on Monday, May 29, 1961, at 12 o'clock noon.

## Senate

FRIDAY, MAY 26, 1961

The Senate met at 12 o'clock meridian, and was called to order by the President pro tempore.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

O Thou God of our Salvation, may the silence of this hallowed moment our fathers set aside for the far look, lift up our hearts with the glad assurance that they that are for us are more than those that dare to defy Thy will for all mankind. To a world where evil seems so rampant may our individual contribution be a life purged of self, of all impurity and hatred, moved by compassion and by concern for all mankind.

We ask that Thy benediction and a sense of Thy guidance, a solemn realization that we are indeed our brothers' keeper, may rest upon the chosen leaders of the Nation in these tempestuous times. In our dealing with all the peoples of the world, in nations great and small, may we be so transparently just and fair that at last falsehood and every evil thing that shuns the light may be banished by the truth which makes men free.

We ask it in the dear Redeemer's name. Amen.

### THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, May 25, 1961, was dispensed with.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H.R. 1986) to repeal the provisions of section 5 of the act of July 28, 1916, as amended, relat-

ing to the furnishing of information to the Postmaster General by the Interstate Commerce Commission with respect to revenue received by railroads from express companies for the transportation of express matter, in which it requested the concurrence of the Senate.

### ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 6518) making appropriations for the Inter-American Social and Economic Cooperation program and the Chilean Reconstruction and Rehabilitation program for the fiscal year ending June 30, 1961, and for other purposes, and it was signed by the President pro tempore.

### HOUSE BILL REFERRED

The bill (H.R. 1986) to repeal the provisions of section 5 of the act of July 28, 1916, as amended, relating to the furnishing of information to the Postmaster General by the Interstate Commerce Commission with respect to revenue received by railroads from express companies for the transportation of express matter, was read twice by its title and referred to the Committee on Post Office and Civil Service.

### LIMITATION OF DEBATE DURING MORNING HOUR

Mr. MANSFIELD. Mr. President, under the rule, there will be the usual morning hour for the transaction of routine business. I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

### COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. HUMPHREY, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

On request of Mr. HUMPHREY, and by unanimous consent, the Constitutional Amendment Subcommittee of the Committee on the Judiciary was authorized to meet during the session of the Senate today.

### CORRECTION OF THE RECORD

Mr. DIRKSEN. Mr. President, I ask unanimous consent that yesterday's RECORD, on page 8385, in the center column, be corrected. I noted that a certain resolution, submitted by the distinguished chairman of the Judiciary Committee, had had the approval of a subcommittee consisting of myself, and the RECORD at that point uses the words "a subcommittee consisting of the Senator from Arkansas [Mr. McCLELLAN], the Senator from California [Mr. KUCHEL]." The RECORD should read, to be correct, "the Senator from New York [Mr. KEATING]," who is a member of the subcommittee.

The PRESIDENT pro tempore. The correction will be made.

### EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communication and letters, which were referred as indicated:

#### INTERNATIONAL DEVELOPMENT AND INTERNATIONAL PEACE AND SECURITY ACTS OF 1961

A communication from the President of the United States, transmitting a draft of proposed legislation to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the



world in their efforts towards economic and social development and internal and external security, and for other purposes (with an accompanying paper); to the Committee on Foreign Relations.

#### NATIONAL CAPITAL AIRPORTS CORPORATION ACT OF 1961

A letter from the Administrator, Federal Aviation Agency, Washington, D.C., transmitting a draft of proposed legislation to create the National Capital Airports Corporation, to provide for operation of the federally owned civil airports in the District of Columbia or its vicinity by the Corporation, and for other purposes (with an accompanying paper); to the Committee on Commerce.

#### REPORT ON REVIEW OF MILITARY ASSISTANCE PROGRAM FOR TAIWAN

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a secret report on review of the military assistance program for Taiwan, dated May 1961 (with an accompanying report); to the Committee on Government Operations.

#### DISPOSITION OF EXECUTIVE PAPERS

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

##### "SENATE JOINT RESOLUTION 2

"Joint resolution relative to the Auburn Dam and Folsom South Canal

"Whereas there is presently pending before the Congress of the United States legislation introduced by Senators CLAIR ENGLE and THOMAS H. KUCHEL and by Congressmen HAROLD T. JOHNSON, JOHN E. MOSS, and JOHN J. McFALL to authorize construction by the Bureau of Reclamation, as part of the Central Valley Project, of both the Auburn Dam on the American River and the Folsom South Canal; and

"Whereas the multiple-purpose project of the Auburn Dam will furnish additional water which can be used in the American River watershed, the Sacramento-San Joaquin Valley, and areas to the south, and will produce additional electric power which would be available for pumping water to areas of deficiency in California's statewide water program; and

"Whereas the Folsom South Canal will serve to bring urgently needed supplemental water supplies to areas in the Sacramento-San Joaquin Delta region and the northern San Joaquin Valley area, which supplies would be made available from storage of water in Folsom Reservoir, as supplemental by the proposed Auburn Dam and Reservoir; and

"Whereas both the proposed Auburn Dam and the Folsom South Canal are part of the California Water Plan and would comple-

ment the State's effort to meet the water requirement of California's rapidly expanding population: Now, therefore, be it

*"Resolved by the Senate and the Assembly of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact into law, at the earliest possible time, the proposed legislation to authorize the construction of the Auburn Dam and the Folsom South Canal; and be it further

*"Resolved,* That the secretary of the senate be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A resolution of the Legislature of the State of Nebraska; to the Committee on Public Works:

##### "LEGISLATIVE RESOLUTION 30

"Whereas the State of Nebraska is deeply interested in the full development of all the multiple benefits of Missouri River improvement and control contemplated by the comprehensive Pick-Sloan plan and the Federal Flood Control Act of 1944, which require that the new reservoirs upriver be operated in such manner as to give fair recognition to all multiple uses including flood control, navigation, and hydroelectric power, giving only to irrigation and domestic consumptive uses for the upriver areas priority over the other beneficial uses, and

"Whereas demands are now being made that the production of firm hydroelectric power in South Dakota be given priority in reservoir releases over other uses such as navigation and flood control and that existing plans of reservoir operation heretofore officially approved and followed be altered to accomplish this result, and

"Whereas the State of Nebraska is engaged in an all-out effort to gain new industry for Nebraska, in which effort the full development and maintenance of the navigational facilities will be of incalculable value to the State as a whole as well as Missouri River port cities: Now, therefore, be it

*"Resolved by the members of the Nebraska Legislature in 72d session assembled:*

"1. It is the sense of this legislature that such demands for priority for a sectional use and benefit are wholly unjustified and that the original multiple benefit concept for the construction and operation of the great reservoir system on the Missouri River be adhered to so that benefits therefrom may accrue along the great reaches of this river which bound and flow through this State, and the Governor and other officials of this State are urged to do everything in their power to resist any and all attempts to change or alter the original objectives which made possible the authorization and construction of these important public improvements.

"2. That copies of this resolution be transmitted to the Vice President of the United States as President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to each Member from Nebraska in the Senate of the United States and in the House of Representatives of the United States.

"DWIGHT W. BURNET,

*"President of the Legislature.*

"HUGO F. SRE,

*"Clerk of the Legislature."*

A resolution adopted by the second annual conference of the National Guard Association of Texas, at Austin, Tex., favoring the enactment of legislation to provide minimum maintenance strengths of the Army and Air National Guard; to the Committee on Armed Services.

A memorial signed by James H. Borland, Jr., and 11 other students of the State of Rhode Island, remonstrating against the enactment of legislation to provide Federal aid to education; ordered to lie on the table.

#### REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. HUMPHREY, from the Committee on Foreign Relations, without amendment:

S. 1720. A bill to continue the authority of the President under title II of the Agricultural Trade Development and Assistance Act of 1954, as amended, to utilize surplus agricultural commodities to assist needy peoples and to promote economic development in underdeveloped areas of the world (Rept. No. 290).

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session, The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Thomas S. Estes, of Maine, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Upper Volta;

John S. Badeau, of New York, to be Ambassador Extraordinary and Plenipotentiary to the United Arab Republic; and

Parker T. Hart, of Illinois, a Foreign Service officer of the class of career minister, now Ambassador Extraordinary and Plenipotentiary to the Kingdom of Saudi Arabia, to serve concurrently and without additional compensation as Envoy Extraordinary and Minister Plenipotentiary to the Kingdom of Yemen.

#### EXECUTIVE REPORT OF COMMITTEE ON COMMERCE

Mr. BARTLETT. Mr. President, from the Committee on Commerce, I report favorably the nomination of Howard V. Morgan, of Oregon, to be a member of the Federal Power Commission, and I submit a report (Ex. Rept. No. 7) thereon. I ask unanimous consent that the report be printed, together with the individual views of the Senator from South Carolina [Mr. THURMOND], the Senator from New Jersey [Mr. CASE], and the Senator from New Hampshire [Mr. CORTON], and also the minority views of the Senator from Kansas [Mr. SCHOEPPEL], the Senator from Maryland [Mr. BUTLER], and the Senator from Pennsylvania [Mr. SCOTT].

The PRESIDING OFFICER. The report will be received and printed, as requested by the Senator from Alaska, and the nomination will be placed on the calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LONG of Hawaii (by request): S. 1977. A bill to amend section 10 of the Organic Act of Guam relative to the legislative branch; to the Committee on Interior and Insular Affairs.



S. 1983

## MAY 26, 1961

# A BILL

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts towards economic and social development and internal and external security, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

## 3 PART I

## 4 CHAPTER 1—SHORT TITLE AND POLICY

5 SEC. 101. SHORT TITLE.—This part may be cited as the  
6 “Act for International Development of 1961”.

7 SEC. 102. STATEMENT OF POLICY.—The Congress of  
8 the United States reaffirms its belief that peace in the world



1 increasingly depends on wider recognition, both in principle  
2 and in practice, of the dignity and interdependence of man,  
3 and that the survival of free institutions in the United States  
4 can best be assured in a worldwide atmosphere of expanded  
5 freedom. To this end, the United States has in the past pro-  
6 vided assistance to help strengthen the forces of freedom by  
7 aiding peoples of less developed countries of the world to  
8 develop their resources and improve their living standards,  
9 to realize their aspirations for justice, education, dignity,  
10 and respect as individual human beings, and to establish re-  
11 sponsible governments. The Congress declares it to be a  
12 primary necessity, opportunity, and responsibility of the  
13 United States, and consistent with its traditions and ideals,  
14 to renew the spirit which lay behind these past efforts, and  
15 to help make a historic demonstration that economic growth  
16 and political democracy can go hand in hand to the end that  
17 an enlarged community of free, stable, and self-reliant na-  
18 tions can reduce world tensions and insecurity. In addition,  
19 the Congress declares that it is the policy of the United  
20 States to support the principles of increased economic co-  
21 operation and trade among nations, freedom of navigation in  
22 international waterways, and recognition of the right of all  
23 private persons to travel and pursue their lawful activities  
24 without discrimination as to race or religion. Accordingly,  
25 the Congress hereby affirms it to be the policy of the United



1 States to make assistance available under this part in scope  
2 and on a basis of long-range continuity essential to the crea-  
3 tion of an environment in which the energies of the peoples  
4 of the world can be devoted to constructive purposes, free of  
5 pressure and erosion by the adversaries of freedom. It is  
6 the sense of the Congress that assistance under this part  
7 should be complemented by the furnishing under any other  
8 Act of surplus agricultural commodities to the maximum ex-  
9 tent possible, and that increased disposal be made of excess  
10 property and stockpile materials under this part and other  
11 Acts.

12 In order to achieve these basic goals, to the extent prac-  
13 ticable, assistance should be based upon well-conceived plans;  
14 be directed toward the social as well as economic aspects of  
15 economic development; be responsive to the efforts of the  
16 recipient countries to mobilize their own resources and help  
17 themselves; be cognizant of the external and internal pres-  
18 sures which hamper the transition to growth; and should  
19 emphasize long-range development assistance as the primary  
20 instrument of such growth. In order continually to increase  
21 the effectiveness of development assistance, intensive re-  
22 search should be carried on into the techniques of such as-  
23 sistance. Since economic and political stability are indispens-  
24 able to economic growth and to social progress, it is further  
25 the policy of the United States to provide assistance to coun-



1 tries and areas in order to support or promote such stability.  
2 The Congress also recognizes the important contribution of  
3 the United Nations and its specialized agencies, and of other  
4 international organizations and agencies, to the attainment  
5 of these goals, as well as to relief of human distress and to  
6 scientific progress, and declares that it is the policy of the  
7 United States to provide for contribution to those activities  
8 of such organizations and agencies which are directed toward  
9 such objectives and goals. Finally, the Congress urges that  
10 all other countries able to contribute join in a common under-  
11 taking to meet the goals stated in this part.

## 12 CHAPTER 2—DEVELOPMENT ASSISTANCE

### 13 TITLE I—DEVELOPMENT LOANS

14 SEC. 201. GENERAL AUTHORITY.—(a) The President  
15 is authorized to make loans repayable in United States dol-  
16 lars on such terms and conditions as he may determine, in  
17 order to promote the economic development of less developed  
18 countries and areas, with emphasis upon assisting long-range  
19 plans and programs designed to develop economic resources  
20 and increase productive capacities. In so doing, the Presi-  
21 dent shall take into account (1) whether financing could be  
22 obtained in whole or in part from other free-world sources  
23 on reasonable terms, (2) the economic and technical sound-  
24 ness of the activity to be financed, (3) whether the activity  
25 gives reasonable promise of contributing to the development



1 of economic resources or to the increase of productive ca-  
2 pacities in furtherance of the purposes of this title, (4) the  
3 consistency of the activity with, and its relationship to, other  
4 development activities being undertaken or planned, and its  
5 contribution to realizable long-range objectives, and (5)  
6 the extent to which the recipient country is showing a re-  
7 sponsiveness to the vital economic, political, and social con-  
8 cerns of its people, and demonstrating a clear willingness to  
9 take effective self-help measures. Loans shall be made  
10 under this title only upon a finding of reasonable prospects  
11 of repayment.

12 (b) The authority of section 610 may not be used to  
13 decrease the funds available under this title, nor may the au-  
14 thority of section 613 (a) be used to waive the requirements  
15 of this title.

16 SEC. 202. CAPITALIZATION.—(a) The President is au-  
17 thorized to issue, during the fiscal years 1962 through 1966,  
18 notes for purchase by the Secretary of the Treasury in order  
19 to carry out the purposes of this title. The maximum ag-  
20 gregate amount of such notes issued during the fiscal year  
21 1962 shall be \$900,000,000, and the maximum aggregate  
22 amount of such notes issued during each of the fiscal years  
23 1963 through 1966 shall be \$1,600,000,000: *Provided*,  
24 That any unissued portion of the maximum amount of notes  
25 authorized for any such fiscal year may be issued in any sub-

1   sequent fiscal year during the note issuing period in addition  
2   to the maximum aggregate amount of notes otherwise au-  
3   thorized for such subsequent fiscal year. Such notes shall be  
4   redeemable at the option of the President before maturity  
5   in such manner as may be stipulated in such notes, and shall  
6   have such maturity and other terms and conditions as may  
7   be determined by the President. Payment under this sub-  
8   section of the purchase price of such notes and repayments  
9   thereof by the President shall be treated as public-debt trans-  
10   actions of the United States Government.

11       (b) United States dollars which are derived directly or  
12   indirectly on or after the effective date of this Act from pay-  
13   ment of obligations under which the United States Govern-  
14   ment may require payment exclusively in United States dol-  
15   lars and which were created under (1) an Act to promote  
16   the defense of the United States, as amended (22 U.S.C.  
17   411 *et seq.*), (2) the Surplus Property Act of 1944, as  
18   amended (50 U.S.C. App. 1622 *et seq.*), (3) Public Law  
19   79-569 (22 U.S.C.286l, 286m), (4) the Economic Co-  
20   operation Act of 1948, as amended (22 U.S.C. 1501 *et seq.*),  
21   (5) the German and Japanese Government and relief in  
22   occupied areas programs, and (6) loans under the Mutual  
23   Security Act of 1954, as amended (22 U.S.C. 1750 *et seq.*)  
24   (other than military assistance), shall be available for use for  
25   purposes of this title, notwithstanding the provisions of any



1 other Act referred to in this subsection. In the case of any  
2 such payments which, were it not for the provisions of this  
3 subsection, would have been used to retire notes or obliga-  
4 tions issued to finance the activity from which the payments  
5 were derived, the President shall assume such notes or obliga-  
6 tions, together with any interest accrued and unpaid thereon,  
7 in an amount equivalent to such payments.

8 (c) Except as otherwise provided in this part, the  
9 United States dollar assets of the Development Loan Fund  
10 which remain unobligated on the date prior to the abolition  
11 of the fund shall be available for use for purposes of this title.

12 SEC. 203. FISCAL PROVISIONS.—(a) All receipts from  
13 loans made under and in accordance with this title shall be  
14 available for use for the purposes of this title. Such receipts  
15 and other funds made available under this title for use for  
16 the purposes of this title shall remain available until  
17 expended.

18 (b) The President is authorized to incur in carrying  
19 out the purposes of this title obligations which may not at  
20 any time exceed the sum of (i) all funds made available  
21 and all funds authorized to be made available pursuant to  
22 the authority, and subject to the fiscal year limitations, pro-  
23 vided in section 202 (a), and (ii) all other funds made  
24 available pursuant to this part for the purposes of this title.

25 (c) In carrying out the purposes of this title, the

1 President shall prepare annually and submit a budget pro-  
2 gram in accordance with the provisions of sections 102,  
3 103, and 104 of the Government Corporation Control Act,  
4 as amended (31 U.S.C. 847-849).

5 SEC. 204. REPORTS.—At the close of each quarter of  
6 the fiscal year, the President shall submit to the Committee  
7 on Foreign Relations and the Committee on Appropriations  
8 of the Senate and the Speaker of the House of Representa-  
9 tives a report of activities carried out in such quarter under  
10 this title, including appropriate information as to the amount  
11 of loans made under section 201 (a), and notes issued  
12 under section 202 (a), as well as any undertakings which  
13 have committed the United States Government to future  
14 obligations and expenditures of funds.

15 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The  
16 President shall establish an interagency Development Loan  
17 Committee, consisting of such officers from such agencies of  
18 the United States Government as he may determine, which  
19 shall, under the direction of the President, establish standards  
20 and criteria for lending operations under this title in accord-  
21 ance with the foreign and financial policies of the United  
22 States.

23 TITLE II—DEVELOPMENT GRANTS

24 SEC. 211. GENERAL AUTHORITY.—The President is au-  
25 thorized to furnish assistance on such terms and conditions



1 as he may determine in order to promote the economic de-  
2 velopment of less developed countries and areas, with empha-  
3 sis upon assisting the development of human resources. In  
4 so doing, the President shall take into account (1) whether  
5 the activity gives reasonable promise of contributing to the  
6 development of educational or other institutions and pro-  
7 grams directed toward social progress, (2) the consistency  
8 of the activity with, and its relationship to, other develop-  
9 ment activities being undertaken or planned, and its contri-  
10 bution to realizable long-range development objectives, (3)  
11 the economic and technical soundness of the activity to be  
12 financed, and (4) the extent to which the recipient country  
13 is showing a responsiveness to the vital economic, political,  
14 and social concerns of its people, and demonstrating a clear  
15 willingness to take effective self-help measures.

16 SEC. 212. AUTHORIZATION.—There is hereby author-  
17 ized to be appropriated to the President for use beginning in  
18 the fiscal year 1962 to carry out the purposes of section 211  
19 not to exceed \$380,000,000, which shall remain available  
20 until expended.

21 SEC. 213. ATOMS FOR PEACE.—The President is author-  
22 ized to use, in addition to other funds available for such pur-  
23 poses, funds available for the purposes of section 211 for  
24 assistance, on such terms and conditions as he may deter-

1 mine, designed to promote the peaceful uses of atomic energy  
2 outside the United States.

3 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS  
4 ABROAD.—(a) The President is authorized to use, in addi-  
5 tion to other funds available for such purposes, funds made  
6 available for the purposes of section 211 for assistance, on  
7 such terms and conditions as he may specify, to schools and  
8 libraries outside the United States founded or sponsored by  
9 United States citizens and serving as study and demonstra-  
10 tion centers for ideas and practices of the United States.

11 (b) The President is authorized to use, notwithstanding  
12 the provisions of the Mutual Defense Assistance Control Act  
13 of 1951 (22 U.S.C. 1611 et seq.), foreign currencies ac-  
14 cruing to the United States Government under any Act for  
15 the purposes of subsection (a) of this section, and for assist-  
16 ance, on such terms and conditions as he may specify, to  
17 hospitals outside the United States founded or sponsored by  
18 United States citizens and serving as centers for medical  
19 treatment, education, and research.

20 SEC. 215. VOLUNTARY AGENCIES.—In order to further  
21 the efficient use of United States voluntary contributions for  
22 relief and rehabilitation, the President is authorized to use  
23 funds made available for the purposes of section 211 to pay  
24 transportation charges from United States ports to ports  
25 of entry abroad, or, in the case of landlocked countries, to



1 points of entry in such countries, on shipments by the  
2 American Red Cross and United States voluntary nonprofit  
3 relief agencies registered with and approved by the Advisory  
4 Committee on Voluntary Foreign Aid.

5 TITLE III—INVESTMENT GUARANTIES

6 SEC. 221. GENERAL AUTHORITY.—(a) In order to  
7 facilitate and increase the participation of private enterprise  
8 in furthering the development of the economic resources and  
9 productive capacities of less-developed countries and areas,  
10 the President is authorized to issue guaranties as provided  
11 in subsection (b) of this section of investments in connec-  
12 tion with projects, including expansion, modernization, or  
13 development of existing enterprises, in any country or area  
14 with the government of which the President has agreed to  
15 institute the guaranty program. Each such project shall  
16 be approved by the President and by the government  
17 concerned.

18 (b) The President may issue guaranties to United  
19 States citizens, or corporations, partnerships, or other asso-  
20 ciations in which the majority beneficial interest is held by  
21 United States citizens—

22 (1) assuring protection in whole or in part against  
23 any or all of the following risks:

24 (A) inability to convert into United States  
25 dollars other currencies, or credits in such curren-

1           cies, received as earnings or profits from the ap-  
2           proved project as repayment or return of the invest-  
3           ment therein, in whole or in part, or as compensa-  
4           tion for the sale or disposition of all or any part  
5           thereof,

6                   (B) loss of investment in the approved project  
7           due to expropriation or confiscation by action of a  
8           foreign government, and

9                   (C) loss due to war, revolution, insurrection,  
10          or civil strife accompanying war, revolution, or in-  
11          surrection, or due to any sanction which is imposed  
12          by any government against the government of the  
13          area where the project is located and which ma-  
14          terially adversely affects the continued operation of  
15          the project:

16       *Provided*, That the total face amount of the guaranties  
17       issued under this paragraph (1) outstanding at any one  
18       time shall not exceed \$1,000,000,000; and

19               (2) where the President determines such action to  
20       be important to the furtherance of the purposes of this  
21       title, assuring against loss in whole or in part of a loan  
22       investment due to nonpayment for any reason, or assur-  
23       ing against loss in whole or in part of any other form  
24       of investment due to such risks as the President may  
25       determine, upon such terms and conditions as the



President may determine: *Provided*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000.

(c) No guaranty shall exceed the value of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221 (b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221 (b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected under this section, all fees heretofore collected under sections 202 (b) and 413 (b) (4) of the

1 Mutual Security Act of 1954, as amended, and under section  
2 111 (b) (3) of the Economic Cooperation Act of 1948, as  
3 amended (22 U.S.C. 1509 (b) (3) ) (exclusive of fees for  
4 informational media guaranties heretofore or hereafter issued  
5 pursuant to section 1011 of the United States Information  
6 and Educational Exchange Act of 1948, as amended (22  
7 U.S.C. 1442) and section 111 (b) (3) of the Economic Co-  
8 operation Act of 1948, as amended, and all reserves main-  
9 tained for any guaranties heretofore issued pursuant to sec-  
10 tion 202 (b) of the Mutual Security Act of 1954, as amended,  
11 shall be available for meeting management and custodial costs  
12 incurred with respect to currencies or other assets acquired  
13 under guaranties made pursuant to section 221 (b) of this  
14 part, sections 202 (b) and 413 (b) (4) of the Mutual Secu-  
15 rity Act of 1954, as amended, and section 111 (b) (3) of the  
16 Economic Cooperation Act of 1948, as amended (exclusive  
17 of informational media guaranties) , and shall be available for  
18 expenditure in discharge of liabilities under guaranties made  
19 pursuant to such sections, until such time as all such property  
20 has been disposed of and all such liabilities have been dis-  
21 charged or have expired, or until all such fees and reserves  
22 have been expended in accordance with the provisions of this  
23 section.

24 (c) In computing the total face amount of guaranties  
25 outstanding at any one time for purposes of paragraph (1)



1 of section 221 (b), the President shall include the face  
2 amounts of outstanding guaranties theretofore issued pur-  
3 suant to such paragraph, sections 202 (b) and 413 (b) (4)  
4 of the Mutual Security Act of 1954, as amended, and section  
5 111 (b) (3) of the Economic Cooperation Act of 1948, as  
6 amended, but shall exclude informational media guaranties.

7 (d) Any payments made to discharge liabilities under  
8 guaranties issued under section 221 (b) of this part, sections  
9 202 (b) and 413 (b) (4) of the Mutual Security Act of  
10 1954, as amended, and section 111 (b) (3) of the Economic  
11 Cooperation Act of 1948, as amended (exclusive of infor-  
12 mational media guaranties), shall be paid first out of fees  
13 and reserves referred to in section 222 (b) as long as such  
14 fees and reserves are available, and thereafter shall be paid  
15 out of funds, if any, realized from the sale of currencies or  
16 other assets acquired in connection with any such guaranties  
17 as long as such funds are available, and finally shall be paid  
18 out of funds realized from the sale of notes issued under sec-  
19 tion 413 (b) (4) (F) of the Mutual Security Act of 1954,  
20 as amended, and section 111 (c) (2) of the Economic Co-  
21 operation Act of 1948, as amended.

22 (e) All guaranties issued after June 30, 1956, shall, and  
23 all guaranties issued prior to July 1, 1956 (exclusive of in-  
24 formational media guaranties), may, be considered for the  
25 purposes of section 3679 (31 U.S.C. 665) and section

1 3732 (41 U.S.C. 11) of the Revised Statutes, as amended,  
2 as obligations only to the extent of the probable ultimate  
3 net cost to the United States Government of all outstanding  
4 guaranties. Funds obligated in connection with guaranties  
5 issued under section 221 (b) of this part, sections 202 (b)  
6 and 413 (b) (4) of the Mutual Security Act of 1954, as  
7 amended, and section 111 (b) (3) of the Economic Coopera-  
8 tion Act of 1948, as amended (exclusive of informational  
9 media guaranties), shall constitute a single reserve, together  
10 with funds available for obligation hereunder but not yet ob-  
11 ligated, for the payment of claims under all guaranties issued  
12 under such sections: *Provided*, That funds obligated in con-  
13 nection with guaranties issued prior to July 1, 1956, shall  
14 not, without the consent of the investor, be available for  
15 the payment of claims arising under any subsequent guar-  
16 anty. Funds available for obligation hereunder shall be de-  
17 creased by the amount of any payments made to discharge  
18 liabilities under guaranties issued pursuant to section 221  
19 (b) of this part, sections 202 (b) and 413 (b) (4) of the  
20 Mutual Security Act of 1954, as amended, and section 111  
21 (b) (3) of the Economic Cooperation Act of 1948, as  
22 amended (exclusive of informational media guaranties),  
23 and shall be increased by the amount obligated for guaran-  
24 ties as to which all liability of the United States Govern-  
25 ment has been terminated, and by the amount of funds



1 realized from the sale of currencies or other assets acquired  
 2 in connection with any payments made to discharge lia-  
 3 bilities, and the amount of fees collected under guaranties  
 4 issued pursuant to such sections (exclusive of informational  
 5 media guaranties).

6 (f) The guaranty program authorized by this title shall  
 7 be administered under broad criteria so as to facilitate and  
 8 increase the participation of private enterprise in furthering  
 9 the development of the economic resources and productive  
 10 capacities of less developed countries and areas.

11 SEC. 223. DEFINITION.—As used in this title the term  
 12 “investment” includes any contribution of capital commod-  
 13 ities, services, patents, processes, or techniques by any per-  
 14 son in the form of (1) a loan or loans to an approved proj-  
 15 ect, (2) the purchase of a share of ownership in any such  
 16 project, (3) participation in royalties, earnings, or profits  
 17 of any such project, and (4) the furnishing of capital com-  
 18 modities and related services pursuant to a contract provid-  
 19 ing for payment in whole or in part after the end of the  
 20 fiscal year in which the guaranty of such investment is made.

#### 21 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

22 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-  
 23 courage and promote the undertaking by private enterprise  
 24 of surveys of investment opportunities, other than in ex-

1 tractive industries, in less developed countries and areas,  
2 the President is authorized to participate in the financing  
3 of such surveys, on such terms and conditions as he may  
4 determine, but not in excess of fifty per centum of the total  
5 cost of each survey. Such surveys shall be approved by  
6 the President and the government concerned.

7 (b) In the event that a person who has undertaken a  
8 survey in accordance with this title determines, within a  
9 period of time to be determined by the President, not to  
10 undertake, directly or indirectly, the investment opportunity  
11 surveyed, such person shall turn over to the President a pro-  
12 fessionally acceptable technical report with respect to all  
13 matters explored. Such report shall become the property of  
14 the United States Government, and the United States Gov-  
15 ernment shall be entitled to have access to, and obtain copies  
16 of, all underlying correspondence, memorandums, working  
17 papers, documents, and other materials in connection with  
18 the survey.

19 SEC. 232. AUTHORIZATION.—There is hereby author-  
20 ized to be appropriated to the President for use beginning in  
21 the fiscal year 1962 to carry out the purposes of this title not  
22 to exceed \$5,000,000, which shall remain available until  
23 expended,



1 SEC. 233. DEFINITIONS.—As used in this title—

2 (a) the term “person” means a citizen of the United  
3 States or any corporation, partnership, or other associa-  
4 tion in which the majority beneficial interest is held by  
5 United States citizens; and

6 (b) the term “extractive industries” means any  
7 business undertaking which involves only ascertaining  
8 the existence, location, extent, or quality of any deposit  
9 or pool of ore, oil, gas, or other mineral, or extracting  
10 and exporting the same, or both.

11 TITLE V—DEVELOPMENT RESEARCH

12 SEC. 241. GENERAL AUTHORITY.—The President is au-  
13 thorized to carry out programs of research into the process of  
14 economic development in less-developed countries and areas,  
15 into the factors affecting the relative success and costs of  
16 development activities, and into the means, techniques, and  
17 such other aspects of development assistance as he may  
18 determine, in order to render such assistance of increasing  
19 value and benefit.

20 SEC. 242. AUTHORIZATION.—There is hereby author-  
21 ized to be appropriated to the President for use beginning in  
22 the fiscal year 1962 to carry out the purposes of this title not

1 to exceed \$20,000,000, which shall remain available until  
2 expended.

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND  
4 PROGRAMS

5 SEC. 301. GENERAL AUTHORITY.—(a) The President  
6 is authorized to make voluntary contributions on a grant  
7 basis to international organizations and to programs ad-  
8 ministered by such organizations on such terms and condi-  
9 tions as he may determine, in order to further the purposes  
10 of this part.

11 (b) Contributions to the United Nations expanded  
12 program of technical assistance and the United Nations  
13 Special Fund for the calendar years succeeding 1961 may  
14 not exceed 40 per centum of the total amount contributed  
15 for such purpose (including assessed and audited local costs)  
16 for each such year.

17 (c) In determining whether or not to continue furnish-  
18 ing assistance for Palestine refugees in the Near East through  
19 contributions to the United Nations Relief and Works Agency  
20 for Palestine Refugees in the Near East, the President  
21 shall take into account (1) whether Israel and the Arab  
22 host governments are taking steps toward the resettlement  
23 and repatriation of such refugees, and (2) the extent and  
24 success of efforts by the Agency and the Arab host govern-  
25 ments to rectify the Palestine refugee relief rolls.



1        SEC. 302. AUTHORIZATION.—There is hereby author-  
2 ized to be appropriated to the President for use, in addition  
3 to funds available under any other Act for such purposes,  
4 beginning in the fiscal year 1962 to carry out the purposes  
5 of this chapter not to exceed \$153,000,000, which shall  
6 remain available until expended.

7        SEC. 303. INDUS BASIN DEVELOPMENT.—Funds made  
8 available under this Act (other than part II) to be used by  
9 or under the supervision of the International Bank for Re-  
10 construction and Development in furtherance of the develop-  
11 ment of the Indus Basin through the program of cooperation  
12 among South Asian and other nations of the free world,  
13 which is designed to promote economic growth and political  
14 stability in South Asia, may be used in accordance with re-  
15 quirements, standards, or procedures established by the Bank  
16 concerning completion of plans and cost estimates and de-  
17 termination of feasibility, rather than with requirements,  
18 standards, or procedures concerning such matters set forth  
19 in this or other Acts; and such funds may also be used with-  
20 out regard to the provisions of section 901 (b) of the Mer-  
21 chant Marine Act of 1936, as amended (46 U.S.C. 1241),  
22 whenever the President determines that such provisions can-  
23 not be fully satisfied without seriously impeding or prevent-  
24 ing accomplishment of the purposes of such programs:  
25 *Provided*, That compensating allowances are made in the

1 administration of other programs to the same or other areas  
2 to which the requirements of said section 901(b) are  
3 applicable.

#### 4 CHAPTER 4—SUPPORTING ASSISTANCE

5 SEC. 401. GENERAL AUTHORITY.—The President is  
6 authorized to furnish assistance on such terms and conditions  
7 as he may determine, in order to support or promote eco-  
8 nomic or political stability.

9 SEC. 402. AUTHORIZATION.—There is hereby author-  
10 ized to be appropriated to the President for use beginning in  
11 the fiscal year 1962 to carry out the purposes of this chapter  
12 not to exceed \$581,000,000, which shall remain available  
13 until expended.

#### 14 CHAPTER 5—CONTINGENCY FUND

15 SEC. 451. CONTINGENCY FUND.—(a) There is hereby  
16 authorized to be appropriated to the President for the fiscal  
17 year 1962 not to exceed \$500,000,000 for use by the Presi-  
18 dent for assistance authorized by part I in accordance with  
19 the provisions applicable to the furnishing of such assistance,  
20 when he determines such use to be important to the national  
21 interest.

22 (b) The President shall keep the appropriate commit-  
23 tees of the Congress currently informed of the use of funds  
24 under this section.



## PART II

## CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance to countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress recognizes that the peace of the world

1 and the security of the United States are endangered so  
2 long as international communism and the countries it con-  
3 trols continue by threat of military action, by the use of  
4 economic pressure, and by internal subversion, or other  
5 means to attempt to bring under their domination peoples  
6 now free and independent and continue to deny the rights  
7 of freedom and self-government to peoples and countries  
8 once free but now subject to such domination.

9 In enacting this legislation, it is therefore the intention  
10 of the Congress to promote the peace of the world and the  
11 foreign policy, security, and general welfare of the United  
12 States by fostering an improved climate of political inde-  
13 pendence and individual liberty, improving the ability of  
14 countries and international organizations to deter or, if  
15 necessary, defeat Communist or Communist-supported ag-  
16 gression, facilitating arrangements for individual and collec-  
17 tive security, assisting countries to maintain internal security,  
18 and creating an environment of security and stability in  
19 the developing countries essential to their more rapid social,  
20 economic, and political progress. Finally, the Congress  
21 urges that all other countries able to contribute join in a  
22 common undertaking to meet the goals stated in this part.

## 23 CHAPTER 2—MILITARY ASSISTANCE

24 SEC. 503. GENERAL AUTHORITY.—The President is  
25 authorized to furnish military assistance on such terms and



1 conditions as he may determine, to any country or interna-  
2 tional organization, the assisting of which the President finds  
3 to be in the national interest, by—

4 (a) acquiring from any source and providing (by  
5 loan, lease, sale, exchange, grant, or any other means)  
6 any defense article or defense service;

7 (b) making financial contributions to multilateral  
8 programs for the acquisition or construction of facilities  
9 in foreign countries for collective defense;

10 (c) providing such other financial assistance as may  
11 be necessary to carry out this part, including expenses  
12 incident to participation by the United States Govern-  
13 ment in regional or collective defense organizations; and

14 (d) assigning or detailing members of the Armed  
15 Forces of the United States and other personnel of the  
16 Department of Defense solely to assist in an advisory  
17 capacity or to perform other duties of a noncombatant  
18 nature, including those related to training or advice.

19 SEC. 504. AUTHORIZATION.—There is hereby author-  
20 ized to be appropriated to the President such sums as may be  
21 necessary from time to time to carry out the purposes of this  
22 part, which sums shall remain available until expended.

23 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-  
24 tary assistance to any country shall be furnished solely for

1 internal security, for legitimate self-defense, to permit the  
2 recipient country to participate in regional or collective ar-  
3 rangements or measures consistent with the Charter of the  
4 United Nations, or otherwise to permit the recipient country  
5 to participate in collective measures requested by the United  
6 Nations for the purpose of maintaining or restoring interna-  
7 tional peace and security.

8 (b) To the extent feasible and consistent with the other  
9 purposes of this part, the use of military forces in less de-  
10 veloped countries in the construction of public works and  
11 other activities helpful to economic development shall be  
12 encouraged.

13 SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to  
14 such other provisions as the President may require, no de-  
15 fense articles or defense services shall be furnished to any  
16 country unless it shall have agreed that—

17 (a) it will not, without the consent of the Presi-  
18 dent—

19 (1) permit any use of such articles or services  
20 by anyone not an officer, employee, or agent of  
21 that country,

22 (2) transfer or divulge, or permit any officer,  
23 employee, or agent of that country to transfer or  
24 divulge, such articles or services, as the case may  
25 be, by gift, sale, or otherwise, or



(3) use or permit the use of such articles or services for purposes other than those for which furnished;

(b) it will maintain the security of such articles or services, and will provide substantially the same degree of security protection afforded to such articles or services by the United States Government;

(c) it will, as the President may require, permit observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles and services, other than those acquired by purchase or exchange; and

(d) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles, other than those acquired by purchase or exchange, which are no longer needed for the purposes for which furnished.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States

1 dollars. Payment shall be made in advance or, as deter-  
2 mined by the President to be in the best interests of the  
3 United States, within a reasonable period not to exceed three  
4 years after the delivery of the defense articles, or the pro-  
5 vision of the defense services. For the purposes of this  
6 subsection, the value of excess defense articles shall be not  
7 less than (i) the value specified in section 644 (m) (1)  
8 plus the scrap value, or (ii) the market value, if ascer-  
9 tainable, whichever is the greater.

10 (b) The President may, without requirement for charge  
11 to any appropriation or contract authorization otherwise pro-  
12 vided, enter into contracts for the procurement of defense  
13 articles or defense services for sale to any country or inter-  
14 national organization if such country or international organi-  
15 zation provides the United States Government with a de-  
16 pendable undertaking (i) to pay the full amount of such  
17 contract which will assure the United States Government  
18 against any loss on the contract, and (ii) to make funds  
19 available in such amounts and at such times as may be re-  
20 quired to meet the payments required by the contract, and  
21 any damages and costs that may accrue from the cancellation  
22 of such contract, in advance of the time such payments,  
23 damages, or costs are due.

24 SEC. 508. REIMBURSEMENTS.—Whenever funds made  
25 available for use under this part are used to furnish mili-



1 tary assistance on cash or credit terms, United States  
2 dollar repayments, including dollar proceeds derived from  
3 the sale to any agency of the United States Government  
4 or program of foreign currency repayments, shall be credited  
5 to the current applicable appropriation, and shall be avail-  
6 able until expended solely for the purpose of furnish-  
7 ing further military assistance on cash or credit terms, and,  
8 notwithstanding any provision of law relating to receipts  
9 and credits accruing to the United States Government,  
10 repayments in foreign currency may be used to carry out  
11 this part.

12 SEC. 509. EXCHANGES.—Defense articles or defense  
13 services transferred to the United States Government by a  
14 country or international organization as payment for assist-  
15 ance furnished under this part may be used to carry out this  
16 part, or may be disposed of or transferred to any agency  
17 of the United States Government for stockpiling or other  
18 purposes. If such disposal or transfer is made subject to  
19 reimbursement, the funds so received shall be credited to the  
20 appropriation, fund, or account funding the cost of the as-  
21 sistance furnished or to any appropriation, fund, or account  
22 currently available for the same general purpose.

23 SEC. 510. SPECIAL AUTHORITY.—(a) The President  
24 may, if he determines it to be vital to the security of the  
25 United States, order defense articles from the stocks of the

1 Department of Defense and defense services for the purposes  
2 of part II, subject to subsequent reimbursement therefor  
3 from subsequent appropriations available for military assist-  
4 ance. The value of such orders under this subsection in any  
5 fiscal year shall not exceed \$400,000,000. Prompt notice  
6 of action taken under this subsection shall be given to the  
7 Committees on Foreign Relations, Appropriations, and  
8 Armed Services of the Senate and the Speaker of the House  
9 of Representatives.

10 (b) The Department of Defense is authorized to incur,  
11 in applicable appropriations, obligations in anticipation of re-  
12 imbursements in amounts equivalent to the value of such  
13 orders under subsection (a) of this section. Appropriations  
14 to the President of such sums as may be necessary to reim-  
15 burse the applicable appropriation, fund, or account for such  
16 orders are hereby authorized.

### 17 PART III

#### 18 CHAPTER 1—GENERAL PROVISIONS

19 SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND  
20 PRIVATE PARTICIPATION.—(a) The Congress of the United  
21 States recognizes the vital role of free enterprise in achieving  
22 rising levels of production and standards of living essential  
23 to economic progress and development. Accordingly, it is  
24 declared to be the policy of the United States to encourage  
25 the efforts of other countries to increase the flow of inter-



1 national trade, to foster private initiative and competition,  
2 to discourage monopolistic practices, to improve the technical  
3 efficiency of their industry, agriculture, and commerce, and  
4 to strengthen free labor unions; and to encourage the con-  
5 tribution of United States enterprise toward economic  
6 strength of less developed countries, through private trade  
7 and investment abroad, private participation in programs  
8 carried out under this Act (including the use of private trade  
9 channels to the maximum extent practicable in carrying out  
10 such programs), and exchange of ideas and technical informa-  
11 tion on the matters covered by this subsection.

12 (b) In order to encourage and facilitate participation by  
13 private enterprise to the maximum extent practicable in  
14 achieving any of the purposes of this Act, the President  
15 shall—

16 (1) make arrangements to find, and draw the atten-  
17 tion of private enterprise to, opportunities for investment  
18 and development in less-developed countries and areas;

19 (2) accelerate a program of negotiating treaties for  
20 commerce and trade, including tax treaties, which  
21 shall include provisions to encourage and facilitate the  
22 flow of private investment to, and its equitable treatment  
23 in, countries and areas participating in programs under  
24 this Act; and

25 (3) seek, consistent with the national interest, com-

1       pliance by other countries or areas with all treaties for  
2       commerce and trade and taxes, and take all reasonable  
3       measures under this Act or other authority to secure  
4       compliance therewith and to assist United States citi-  
5       zens in obtaining just compensation for losses sustained  
6       by them or payments exacted from them as a result  
7       of measures taken or imposed by any country or area  
8       thereof in violation of any such treaty.

9       SEC. 602. SMALL BUSINESS.—Insofar as practicable and  
10      to the maximum extent consistent with the accomplishment  
11      of the purposes of this Act, the President shall assist Ameri-  
12      can small business to participate equitably in the furnishing  
13      of commodities, defense articles, and services (including de-  
14      fense services) financed with funds made available under  
15      this Act—

16               (1) by causing to be made available to suppliers  
17      in the United States, and particularly to small inde-  
18      pendent enterprises, information, as far in advance as  
19      possible, with respect to purchases proposed to be  
20      financed with such funds;

21               (2) by causing to be made available to prospective  
22      purchasers in the countries and areas receiving assist-  
23      ance under this Act information as to such commodities,



1 articles, services produced by small independent enter-  
2 prises in the United States; and

3 (3) by providing for additional services to give  
4 small business better opportunities to participate in the  
5 furnishing of such commodities, articles, and services  
6 financed with such funds.

7 SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

8 The ocean transportation of commodities and defense articles  
9 purchased with foreign currencies made available or derived  
10 from funds made available under this Act or the Agricul-  
11 tural Trade Development and Assistance Act of 1954, as  
12 amended (7 U.S.C. 1691 et seq.) and transfers of fresh  
13 fruit and products thereof under this Act, shall not be gov-  
14 erned by the provisions of section 901 (b) of the Merchant  
15 Marine Act of 1936, as amended (46 U.S.C. 1241), or any  
16 other law relating to the ocean transportation of commod-  
17 ities on United States flag vessels.

18 SEC. 604. PROCUREMENT.—(a) Funds made available  
19 under this Act may be used for procurement outside the  
20 United States unless the President determines that such pro-  
21 curement will result in adverse effects upon the economy of  
22 the United States or the industrial mobilization base, with

1 special reference to any areas of labor surplus or to the net  
2 position of the United States in its balance of trade with the  
3 rest of the world, which outweigh the economic or other ad-  
4 vantages to the United States of less costly procurement out-  
5 side the United States.

6 (b) No funds made available under this Act shall be  
7 used for the purchase in bulk of any commodities at prices  
8 higher than the market price prevailing in the United States  
9 at the time of purchase, adjusted for differences in the cost  
10 of transportation to destination, quality, and terms of pay-  
11 ment.

12 (c) In providing for the procurement of any surplus  
13 agricultural commodity for transfer by grant under this Act  
14 to any recipient in accordance with its requirements, the  
15 President shall, insofar as practicable and where, in further-  
16 ance of the purposes of this Act, authorize the procurement  
17 of such surplus agricultural commodity only within the  
18 United States except to the extent that such surplus agricul-  
19 tural commodity is not available in the United States in suf-  
20 ficient quantities to supply the requirements of recipients  
21 under this Act.

22 SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any  
23 commodities and defense articles procured to carry out this  
24 Act shall be retained by, or upon reimbursement, transferred  
25 to, and for the use of, such agency of the United States



1 Government as the President may determine in lieu of be-  
2 ing disposed of to a foreign country or international organiza-  
3 tion, whenever in the judgment of the President the best  
4 interests of the United States will be served thereby. Any  
5 commodities or defense articles so retained may be disposed  
6 of without regard to provisions of law relating to the dis-  
7 posal of property owned by the United States Government,  
8 when necessary to prevent spoilage or wastage of such  
9 commodities or defense articles or to conserve the usefulness  
10 thereof. Funds realized from any disposal or transfer shall  
11 revert to the respective appropriation, fund, or account used  
12 to procure such commodities or defense articles or to the  
13 appropriation, fund, or account currently available for the  
14 same general purpose.

15 (b) Whenever commodities are transferred to the  
16 United States Government as repayment of assistance under  
17 this Act, such commodities may be used in furtherance of  
18 the purposes of this Act.

19 SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

20 (a) Whenever, in connection with the furnishing of assist-  
21 ance under this Act—

22 (1) an invention or discovery covered by a patent  
23 issued by the United States Government is practiced  
24 within the United States without the authorization of  
25 the owner, or

1           (2) information, which is (i) protected by law,  
2           and (ii) held by the United States Government sub-  
3           ject to restrictions imposed by the owner, is disclosed  
4           by the United States Government or any of its officers,  
5           employees, or agents in violation of such restrictions,  
6           the exclusive remedy of the owner, except as provided in  
7           subsection (b) of this section, is to sue the United States  
8           Government for reasonable and entire compensation for such  
9           practice or disclosure in the District Court of the United  
10          States for the district in which such owner is a resident, or  
11          in the Court of Claims within six years after the cause of  
12          action arises. Any period during which the United States  
13          Government is in possession of a written claim under sub-  
14          section (b) of this section before mailing a notice of denial  
15          of that claim does not count in computing the six years.  
16          In any such suit, the United States Government may plead  
17          any defense that may be pleaded by a private person in such  
18          an action. The last paragraph of section 1498 (a) of title  
19          28 of the United States Code shall apply to inventions and  
20          information covered by this section.

21          (b) Before suit against the United States Government  
22          has been instituted, the head of the agency of the United  
23          States Government concerned may settle and pay any claim  
24          arising under the circumstances described in subsection (a)  
25          of this section. No claim may be paid under this subsection



1 unless the amount tendered is accepted by the claimant in  
2 full satisfaction.

3       SEC. 607. FURNISHING OF SERVICES AND COMMODI-  
4 TIES.—Whenever the President determines it to be in fur-  
5 therance of the purposes of part I, any agency of the United  
6 States Government is authorized to furnish services and com-  
7 modities on an advance-of-funds or reimbursement basis to  
8 nations, international organizations, the American Red  
9 Cross, and voluntary nonprofit relief agencies registered with  
10 and approved by the Advisory Committee on Voluntary  
11 Foreign Aid. Such advances or reimbursements which are  
12 received under this section within one hundred and eighty  
13 days after the close of the fiscal year in which such serv-  
14 ices and commodities are delivered, may be credited to the  
15 current applicable appropriation, account, or fund of the  
16 agency concerned and shall be available for the purposes for  
17 which such appropriation, account, or fund is authorized to  
18 be used.

19       SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—  
20 The President is authorized to maintain in a separate ac-  
21 count, which shall, notwithstanding section 1210 of the  
22 General Appropriation Act, 1951 (64 Stat. 765), be free  
23 from fiscal year limitation, \$5,000,000 of funds made avail-  
24 able under section 212, which may be used to pay costs of  
25 acquisition, storage, renovation and rehabilitation, packing,

1 crating, handling, transportation, and related costs of prop-  
2 erty classified as domestic and foreign excess property pur-  
3 suant to the Federal Property and Administrative Services  
4 Act of 1949, as amended (40 U.S.C. 471 et seq.), and  
5 other property, in advance of known requirements therefor  
6 for use in furtherance of the purposes of part I. Property  
7 acquired pursuant to the preceding sentence may be fur-  
8 nished (i) pursuant to any provision of part I for which  
9 funds are authorized for the furnishing of assistance, in which  
10 case the separate account established pursuant to this sec-  
11 tion shall be repaid from funds made available for such pro-  
12 vision for all costs incurred, or (ii) pursuant to section 607,  
13 in which case such separate account shall be repaid in ac-  
14 cordance with the provisions of that section for all costs  
15 incurred.

16       SEC. 609. TRANSFER OF STOCKPILE AND OTHER  
17 MATERIALS.—(a) Upon request from the agency primarily  
18 responsible for administering part I, specified amounts of  
19 designated materials in the categories described in para-  
20 graphs (1) and (2) below may be transferred to that  
21 agency for use pursuant to the provisions of part I without  
22 reimbursement (except for costs incident to such transfer,  
23 which shall be paid or reimbursed from funds available under  
24 part I: *Provided*, That it has been determined in accordance  
25 with the laws referred to in paragraphs (1) and (2) below



1 that such amounts are not required for the national security  
2 and that their transfer is not inconsistent with the national  
3 interest:

4 (1) materials held for United States Government  
5 use or resale pursuant to section 303 (a) of the Defense  
6 Production Act of 1950, as amended (50 U.S.C. App.  
7 2093 (a) ), and

8 (2) materials held in the national stockpile estab-  
9 lished pursuant to the Strategic and Critical Materials  
10 Stock Piling Act, as amended (50 U.S.C. 98 et seq.),  
11 and materials held in the supplemental stockpile estab-  
12 lished pursuant to section 104 (b) of the Agricultural  
13 Trade Development and Assistance Act of 1954, as  
14 amended (7 U.S.C. 1704 (b) ).

15 (b) Materials described in subsection (a) of this section  
16 may be used to pay in kind costs of providing through nor-  
17 mal commercial channels for the refining or processing of  
18 other such materials to be transferred under that subsection  
19 into a form better suited for use pursuant to the provisions  
20 of part I. Such refining or processing may take place either  
21 before or after the transfer to the agency primarily respon-  
22 sible for administering part I.

23 (c) In the case of transfers or other uses pursuant to  
24 this section of materials described in paragraph (1) of sub-  
25 section (a) of this section, notes payable to the Secretary of

1 the Treasury and issued pursuant to section 304(b) of the  
2 Defense Production Act of 1950, as amended (50 U.S.C.  
3 app. 2094(b)), which represent the acquisition costs of  
4 such materials, shall be canceled.

5 (d) Materials described in paragraph (2) of subsection  
6 (a) of this section shall not be transferred pursuant to this  
7 section until sixty days after the submission to the Congress  
8 and publication in the Federal Register of a plan of transfer  
9 which shall be fixed with due regard for the value of the  
10 transfer in furthering the purposes of part I and for the pro-  
11 tection of producers, processors, and consumers against seri-  
12 ous disruption of their usual markets, and which shall state  
13 the amounts of materials involved. Such materials shall be  
14 transferred only if the Congress shall not have disapproved  
15 such plan before the termination of such sixty-day period.

16 SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever  
17 the President determines it to be necessary for the purposes  
18 of this Act, not to exceed 10 per centum of the funds made  
19 available for any provision of this Act may be transferred to,  
20 and consolidated with, the funds made available for any  
21 other provision of this Act, and may be used for any of the  
22 purposes for which such funds may be used, except that the  
23 total in the provision for the benefit of which the transfer  
24 is made shall not be increased by more than 20 per centum  
25 of the amount of funds made available for such provision.



1        SEC. 611. COMPLETION OF PLANS AND COST ESTI-  
2        MATES.—(a) No agreement or grant which constitutes an  
3        obligation of the United States Government in excess of  
4        \$100,000 under section 1311 of the Supplemental Appro-  
5        priation Act, 1955, as amended (31 U.S.C. 200), shall be  
6        made for any assistance authorized under titles I and II  
7        of chapter 2 and chapter 4 of part I—

8                (1) if such agreement or grant requires substantive  
9        technical or financial planning, until engineering, finan-  
10        cial, and other plans necessary to carry out such assist-  
11        ance, and a reasonably firm estimate of the cost to the  
12        United States Government of providing such assistance,  
13        have been completed; and

14                (2) if such agreement or grant requires legislative  
15        action within the recipient country, unless such legisla-  
16        tive action may reasonably be anticipated to be com-  
17        pleted in time to permit the orderly accomplishment of  
18        the purposes of such agreement or grant.

19        (b) Plans required under subsection (a) of this section  
20        for any water or related land resource construction project  
21        or program shall include a computation of benefits and costs  
22        made insofar as practicable in accordance with the procedures  
23        set forth in Circular A-47 of the Bureau of the Budget with  
24        respect to such computations.

1       (c) To the maximum extent practicable, all contracts  
2 for construction outside the United States made in connection  
3 with any agreement or grant subject to subsection (a) of  
4 this section shall be made on a competitive basis.

5       (d) Subsection (a) of this section shall not apply to  
6 any assistance furnished for the sole purpose of preparation  
7 of engineering, financial, and other plans.

8       SEC. 612. USE OF FOREIGN CURRENCIES.—Except as  
9 otherwise provided in this Act or other Acts, foreign curren-  
10 cies received either (1) as a result of the furnishing of non-  
11 military assistance under the Mutual Security Act of 1954,  
12 as amended, or any Act repealed thereby, and unobligated  
13 on the date prior to the effective date of this Act, or (2) on  
14 or after the effective date of this Act, as a result of the fur-  
15 nishing of nonmilitary assistance under the Mutual Security  
16 Act of 1954, as amended, or any Act repealed thereby, or  
17 (3) as a result of the furnishing of assistance under part I,  
18 may be sold by the Secretary of the Treasury to agencies of  
19 the United States Government for payment of their obliga-  
20 tions outside the United States, and the United States dollars  
21 received as reimbursement shall be deposited into miscel-  
22 laneous receipts of the Treasury. Foreign currencies so re-  
23 ceived which are in excess of the requirements of the United  
24 States Government in payment of its obligations outside the  
25 United States, as such requirements may be determined from



1 time to time by the President, may be used, notwithstanding  
2 any law relating to receipts and credits accruing to the United  
3 States Government for programs of assistance in furtherance  
4 of the purposes of part I.

5 SEC. 613. SPECIAL AUTHORITIES.— (a) The President  
6 may authorize in each fiscal year the use of funds made  
7 available for use under this Act and the furnishing of as-  
8 sistance under section 510 in a total amount not to exceed  
9 \$250,000,000, without regard to the requirements of this  
10 Act, any Act appropriating funds for use under this Act,  
11 or the Mutual Defense Assistance Control Act of 1951 (22  
12 U.S.C. 1611 et seq.), in furtherance of any of the purposes  
13 of such Acts, when the President determines that such  
14 authorization is required by the national interest.

15 (b) Whenever the President determines it to be im-  
16 portant to the national interest, he may use funds available  
17 for the purposes of chapter 4 of part I in order to meet the  
18 responsibilities or objectives of the United States in Ger-  
19 many, including West Berlin, and without regard to such  
20 provisions of law as he determines should be disregarded  
21 to achieve this purpose.

22 (c) The President is authorized to use amounts not to  
23 exceed \$50,000,000 of the funds made available under this  
24 Act pursuant to his certification that it is inadvisable to

1 specify the nature of the use of such funds, which certifica-  
2 tion shall be deemed to be a sufficient voucher for such  
3 amounts.

4       SEC. 614. CONTRACT AUTHORITY.—Provisions of this  
5 Act authorizing the appropriation of funds shall be construed  
6 to authorize the granting in any appropriation Act of au-  
7 thority to enter into contracts, within the amounts so  
8 authorized to be appropriated, creating obligations in ad-  
9 vance of appropriations.

10       SEC. 615. AVAILABILITY OF FUNDS.—Except as other-  
11 wise provided in this Act, funds shall be available to carry  
12 out the provisions of this Act as authorized and appropriated  
13 to the President each fiscal year.

14       SEC. 616. TERMINATION OF ASSISTANCE.—Assistance  
15 under any provision of this Act may, unless sooner termi-  
16 nated by the President, be terminated by Act of the Congress.  
17 Funds made available under this Act shall remain avail-  
18 able for a period not to exceed twelve months from the  
19 date of termination of assistance under this Act for the  
20 necessary expenses of winding up programs related thereto.

21               CHAPTER 2—ADMINISTRATION PROVISIONS

22       SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-  
23 dent may exercise any functions conferred upon him by this  
24 Act through such agency or officer of the United States Gov-  
25 ernment as he shall direct. The head of any such agency or



1 such officer may from time to time promulgate such rules and  
2 regulations as may be necessary to carry out such functions,  
3 and may delegate authority to perform any such functions,  
4 including, if he shall so specify, the authority successively to  
5 redelegate any of such functions, to any of his subordinates.

6 (b) Notwithstanding the provisions of section 642 (a),  
7 the Development Loan Fund, the International Cooperation  
8 Administration, and the Office of the Inspector General and  
9 Comptroller shall continue in existence for a period not to  
10 exceed sixty days after the effective date of this Act, unless  
11 sooner abolished by the President. There shall continue to  
12 be available to each such agency and office during such pe-  
13 riod the respective functions, offices, personnel, property, rec-  
14 ords, funds, and assets which were available thereto on the  
15 date prior to the effective date of this Act.

16 (c) On the date of the abolition of the Development  
17 Loan Fund, the President shall designate an officer or head  
18 of an agency of the United States Government carrying out  
19 functions under part I to whom shall be transferred, and  
20 who shall accept and assume, the assets, obligations, lia-  
21 bilities, and rights established or acquired for the benefit of,  
22 or with respect to, the Fund as of the date of abolition and  
23 not otherwise disposed of by this Act. In addition, on such  
24 date the President shall designate such officer or head of  
25 agency as the person to be sued in the event of default in

1 the fulfillment of the obligations of the Fund, and shall trans-  
2 fer to such officer or head of agency such offices, entities,  
3 functions, personnel, property, and records of the fund as  
4 may be necessary.

5 (d) On the date of the abolition of the International  
6 Cooperation Administration and the Office of the Inspector  
7 General and Comptroller, the President shall transfer to an  
8 officer or head of an agency of the United States Govern-  
9 ment carrying out functions under part I such offices, entities,  
10 functions, personnel, property, records, and funds of such  
11 agency and office, not otherwise disposed of by this Act, as  
12 may be necessary.

13 SEC. 622. STATUTORY OFFICERS.—(a) The President  
14 may appoint, by and with the advice and consent of the Sen-  
15 ate, twelve officers in the agency primarily responsible for  
16 administering part I, of whom—

17 (1) one shall have the rank of an Under Secretary  
18 and shall be compensated at a rate not to exceed the rate  
19 authorized by law for any Under Secretary of an Execu-  
20 tive Department;

21 (2) two shall have the rank of Deputy Under Sec-  
22 retaries and shall be compensated at a rate not to exceed  
23 the rate authorized by law for any Deputy Under Secre-  
24 tary of an Executive Department; and

25 (3) nine shall have the rank of Assistant Secretaries



1 and shall be compensated at a rate not to exceed the rate  
2 authorized by law for any Assistant Secretary of an  
3 Executive Department.

4 (b) Within the limitations established by subsection (a)  
5 of this section, the President may fix the rate of compensa-  
6 tion, and may designate the title of, any officer appointed  
7 pursuant to the authority contained in that subsection. The  
8 President may also fix the order of succession among the  
9 officers provided for in paragraphs (2) and (3) of subsec-  
10 tion (a) of this section in the event of the absence, death,  
11 resignation, or disability of the officers provided for in para-  
12 graphs (1) and (2) of that subsection.

13 (c) Any person who was appointed, by and with the  
14 advice and consent of the Senate, to any statutory position  
15 authorized by any provision of law repealed by section  
16 642 (a) may be appointed by the President to a position  
17 authorized by subsection (a) of this section without further  
18 action by the Senate.

19 (d) Notwithstanding the provisions of sections 642  
20 (a) (1) and 642 (a) (2), any person who, on the date  
21 prior to the effective date of this Act, held an office or a  
22 position authorized pursuant to sections 205 (b), 527 (b),  
23 and 533A of the Mutual Security Act of 1954, as amended,  
24 and Reorganization Plan Numbered 7 of 1953, may con-  
25 tinue to hold such office or position, subject to the discre-

1 tion of the head of the agency primarily responsible for  
2 administering part I, for a period of not more than sixty  
3 days following the effective date of this Act.

4 SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any  
5 agency or officer of the United States Government carrying  
6 out functions under this Act is authorized to employ such  
7 personnel as the President deems necessary to carry out the  
8 provisions and purposes of this Act.

9 (b) Of the personnel employed in the United States to  
10 carry out part I or coordinate part I and part II, not to  
11 exceed eighty-five may be appointed, compensated, and re-  
12 moved without regard to the provisions of any law, of whom  
13 not to exceed sixty may be compensated at rates higher than  
14 those provided for grade 15 of the general schedule estab-  
15 lished by the Classification Act of 1949, as amended (5  
16 U.S.C. 1071 et seq.), and of these, not to exceed ten may  
17 be compensated at a rate in excess of the highest rate pro-  
18 vided for grades of such general schedule but not in excess  
19 of \$19,000 per year: *Provided*, That persons appointed to  
20 serve in the agency primarily responsible for administering  
21 part I or in the agency responsible for coordinating part I  
22 and part II, who have served in such agency prior to ap-  
23 pointment to one of the above positions shall be entitled to  
24 reinstatement in such agency to the position occupied at  
25 the time of appointment or to a position of comparable grade



1 and salary. Such positions shall be in addition to those au-  
2 thorized by law to be filled by Presidential appointment, and  
3 in addition to the number authorized by section 505 of the  
4 Classification Act of 1949, as amended.

5 (c) Of the personnel employed in the United States  
6 to carry out part II, not to exceed twelve may be compen-  
7 sated at rates higher than those provided for grade 15 of  
8 the general schedule established by the Classification Act  
9 of 1949, as amended, and of these, not to exceed three  
10 may be compensated at a rate in excess of the highest rate  
11 provided for grades of such general schedule but not in  
12 excess of \$19,000 per year. Such positions shall be in  
13 addition to those authorized by law to be filled by Presi-  
14 dential appointment, and in addition to the number author-  
15 ized by section 505 of the Classification Act of 1949, as  
16 amended.

17 (d) For the purpose of performing functions under this  
18 Act outside the United States the President may—

19 (1) employ or assign persons, or authorize the  
20 employment or assignment of officers or employees of  
21 agencies of the United States Government, who shall  
22 receive compensation at any of the rates provided for  
23 the Foreign Service Reserve and Staff by the Foreign  
24 Service Act of 1946, as amended (22 U.S.C. 801

1 et seq.), together with allowances and benefits there-  
2 under; and persons so employed or assigned shall be  
3 entitled, except to the extent that the President may  
4 specify otherwise in cases in which the period of em-  
5 ployment or assignment exceeds thirty months, to the  
6 same benefits as are provided by section 528 of that  
7 Act for persons appointed to the Foreign Service Re-  
8 serve, and the provisions of section 1005 of that Act  
9 shall apply in the case of such persons, except that  
10 policymaking officials shall not be subject to that part  
11 of section 1005 of that Act which prohibits political  
12 tests; and

13 (2) utilize such authority, including authority to appoint  
14 and assign personnel for the duration of operations under  
15 this Act, contained in the Foreign Service Act of 1946,  
16 as amended, as the President deems necessary to carry out  
17 functions under this Act; and such provisions of the Foreign  
18 Service Act of 1946, as amended, as the President deems  
19 appropriate shall apply to personnel appointed or assigned  
20 under this paragraph, including in all cases, the provisions  
21 of section 528 of that Act: *Provided, however,* That the  
22 President may by regulation make exceptions to the appli-  
23 cation of section 528 in cases in which the period of the  
24 appointment or assignment exceeds thirty months: *Provided*  
25 *further,* That Foreign Service Reserve Officers appointed or



1 assigned pursuant to this paragraph shall receive within-  
2 class salary increases in accordance with such regulations as  
3 the President may prescribe: *Provided further*, That under  
4 this paragraph the President may initially assign personnel  
5 for duty within the United States for periods not to exceed  
6 four years prior to assignment outside the United States.

7 (e) The President is authorized to prescribe by regula-  
8 tion, standards or other criteria for maintaining adequate  
9 performance levels for personnel appointed or assigned pur-  
10 suant to paragraph (2) of subsection (d) of this section and  
11 section 527 (c) (2) of the Mutual Security Act of 1954,  
12 as amended, and may, notwithstanding any other law,  
13 separate employees who fail to meet such standards or other  
14 criteria, and also may grant such personnel severance bene-  
15 fits of one month's salary for each year's service, but not  
16 to exceed one year's salary at the then current salary rate of  
17 such personnel.

18 (f) Agreements with foreign countries providing for  
19 the use of funds made available under this Act for programs  
20 of assistance may include provision for the furnishing of  
21 services of personnel employed by the United States Gov-  
22 ernment.

23 SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OF-  
24 FICERS.—(a) Experts and consultants or organizations  
25 thereof may, as authorized by section 15 of the Act of Au-

1   gust 2, 1946, as amended (5 U.S.C. 55a), be employed for  
2   the performance of functions under this Act, and individuals  
3   so employed may be compensated at rates not in excess of  
4   \$75 per diem, and while away from their homes or regular  
5   places of business, they may be paid actual travel expenses  
6   and per diem in lieu of subsistence at the applicable rate pre-  
7   scribed in the standardized Government travel regulations, as  
8   amended from time to time. Contracts for such employment  
9   with such organizations, employment of personnel as experts  
10   and consultants, not to exceed ten in number, contracts for  
11   such employment of retired military personnel with special-  
12   ized research and development experience, not to exceed ten  
13   in number, and contracts for such employment of retired  
14   military personnel with specialized experience of a broad  
15   politico-military nature, not to exceed five in number, may  
16   be renewed annually.

17       (b) Service of an individual as an expert or consultant  
18   under subsection (a) of this section shall not be considered  
19   as service or employment bringing such individual within  
20   the provisions of section 281, 283, or 284 of title 18 of the  
21   United States Code, or of section 190 of the Revised Statutes  
22   (5 U.S.C. 99), or of any other Federal law imposing re-  
23   strictions, requirements, or penalties in relation to the em-  
24   ployment of persons, the performance of services, or the  
25   payment or receipt of compensation in connection with any



1 claim, proceeding, or matter involving the United States  
2 Government, except insofar as such provisions of law may  
3 prohibit any such individual from receiving compensation in  
4 respect of any particular matter in which such individual  
5 was directly involved in the performance of such service.  
6 Nor shall such service be considered as employment or hold-  
7 ing of office or position bringing such individual within the  
8 provisions of section 13 of the Civil Service Retirement Act,  
9 as amended (5 U.S.C. 2263), section 212 of Public Law  
10 72-212, as amended (5 U.S.C. 59a), section 872 of the  
11 Foreign Service Act of 1946, as amended, or any other law  
12 limiting the reemployment of retired officers or employees or  
13 governing the simultaneous receipt of compensation and re-  
14 tired pay or annuities.

15 (c) Notwithstanding section 2 of the Act of July 31,  
16 1894, as amended (5 U.S.C. 62), any retired officer of any  
17 of the services mentioned in the Career Compensation Act of  
18 1949, as amended (37 U.S.C. 231 et seq.), may hold any  
19 office or appointment under this Act, but the compensation  
20 of any such retired officer shall be subject to the provisions  
21 of section 212 of Public Law 72-212, as amended.

22 (d) Persons of outstanding experience and ability may  
23 be employed without compensation by any agency of the  
24 United States Government for the performance of functions  
25 under this Act in accordance with the provisions of section

1 710 (b) of the Defense Production Act of 1950, as amended  
2 (50 U.S.C. App. 2160 (b) ), and regulations issued there-  
3 under.

4 SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOV-  
5 ERNMENTS.—Whenever the President determines it to be  
6 in furtherance of the purposes of this Act, the head of any  
7 agency of the United States Government is authorized to  
8 detail or assign any officer or employee of his agency to any  
9 office or position with any foreign government or foreign  
10 government agency, where acceptance of such office or posi-  
11 tion does not involve the taking of an oath of allegiance to  
12 another government or the acceptance of compensation or  
13 other benefits from any foreign country by such officer or  
14 employee.

15 SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL  
16 ORGANIZATIONS.—Whenever the President determines it to  
17 be in furtherance of the purposes of this Act, the head of  
18 any agency of the United States Government is authorized  
19 to detail, assign, or otherwise make available to any inter-  
20 national organization any officer or employee of his agency  
21 to serve with, or as a member of, the international staff of  
22 such organization, or to render any technical, scientific, or  
23 professional advice or service to, or in cooperation with, such  
24 organization.



1        SEC. 627. STATUS OF PERSONNEL DETAILED.—(a)

2    Any officer or employee, while assigned or detailed under  
3    section 625 or 626 of this Act, shall be considered, for the  
4    purpose of preserving his allowances, privileges, rights,  
5    seniority, and other benefits as such, an officer or employee  
6    of the United States Government and of the agency of the  
7    United States Government from which detailed or assigned,  
8    and he shall continue to receive compensation, allowances,  
9    and benefits from funds appropriated to that agency or made  
10   available to that agency under this Act.

11        (b) Any officer or employee assigned or detailed under  
12   section 625, 626, or 629 of this Act is authorized to receive  
13   under such regulations as the President may prescribe, rep-  
14   resentation allowances similar to those allowed under section  
15   901 of the Foreign Service Act of 1946, as amended (22  
16   U.S.C. 1131). The authorization of such allowances and  
17   other benefits and the payment thereof out of any appro-  
18   priations available therefore shall be considered as meeting  
19   all the requirements of section 1765 of the Revised Statutes  
20   (5 U.S.C. 70).

21        SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—De-  
22   tails or assignments may be made under section 625 or 626  
23   of this Act or section 408 of the Mutual Security Act of 1954,  
24   as amended—

1           (1) without reimbursement to the United States  
2       Government by the foreign government or international  
3       organization;

4           (2) upon agreement by the foreign government or  
5       international organization to reimburse the United States  
6       Government for compensation, travel expenses, and al-  
7       lowances, or any part thereof, payable to the officer or  
8       employee concerned during the period of assignment or  
9       detail; and such reimbursements (including foreign cur-  
10      rencies) shall be credited to the appropriation, fund, or  
11      account utilized for paying such compensation, travel  
12      expenses, or allowances, or to the appropriation, fund,  
13      or account currently available for such purposes;

14          (3) upon an advance of funds, property, or services  
15      by the foreign government or international organization  
16      to the United States Government accepted with the ap-  
17      proval of the President for specified uses in furtherance of  
18      the purposes of this Act; and funds so advanced may be  
19      established as a separate fund in the Treasury of the  
20      United States Government, to be available for the speci-  
21      fied uses, and to be used for reimbursement of appropria-  
22      tions or direct expenditure subject to the provisions of  
23      this Act, any unexpended balance of such account to be



1 returned to the foreign government or international  
2 organization; or

3 (4) subject to the receipt by the United States Gov-  
4 ernment of a credit to be applied against the payment  
5 by the United States Government of its share of the ex-  
6 penses of the international organization to which the  
7 officer or employee is detailed or assigned, such credit  
8 to be based upon the compensation, travel expenses, and  
9 allowances, or any part thereof, payable to such officer  
10 or employee during the period of detail or assignment  
11 in accordance with section 627.

12 SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The  
13 President may maintain special missions or staffs outside  
14 the United States in such countries and for such periods  
15 of time as may be necessary to carry out the purposes of  
16 this Act. Each such special mission or staff shall be under  
17 the direction of a chief.

18 (b) The chief and his deputy of each special mission  
19 or staff carrying out the purposes of part I shall be appointed  
20 by the President, and may, notwithstanding any other  
21 law, be removed by the President at his discretion. Such  
22 chief shall be entitled to receive (1) in cases approved  
23 by the President, the same compensation and allowances

1 as a chief of mission, class 3, or a chief of mission, class  
2 4, within the meaning of the Foreign Service Act of 1946,  
3 as amended, or (2) compensation and allowances in ac-  
4 cordance with section 623 (d), as the President shall de-  
5 termine to be appropriate.

6 SEC. 630. JOINT COMMISSION ON RURAL RECON-  
7 STRUCTION IN CHINA.—The President is authorized to con-  
8 tinue to participate in the Joint Commission on Rural  
9 Reconstruction in China, and to appoint United States  
10 citizens to the Commission.

11 SEC. 631. ALLOCATION AND REIMBURSEMENT AMONG  
12 AGENCIES.—(a) The President may allocate or transfer to  
13 any agency of the United States Government any part of  
14 any funds available for carrying out the purposes of this Act,  
15 including any advance to the United States Government by  
16 any country or international organization for the procure-  
17 ment of commodities, defense articles, or services (including  
18 defense services). Such funds shall be available for obliga-  
19 tion and expenditure for the purposes for which authorized,  
20 in accordance with authority granted in this Act or under  
21 authority governing the activities of the agencies of the  
22 United States Government to which such funds are allo-  
23 cated or transferred.

24 (b) Any officer of the United States Government car-  
25 rying out functions under this Act may utilize the services



1 and facilities of, or procure commodities and defense articles  
2 from, any agency of the United States Government as the  
3 President shall direct, or with the consent of the head of  
4 such agency, and funds allocated pursuant to this subsection  
5 to any such agency may be established in separate appropri-  
6 ation accounts on the books of the Treasury.

7 (c) In the case of any commodity, service, or facility  
8 procured from any agency of the United States Government  
9 to carry out part I, reimbursement or payment, when re-  
10 quired, shall be made to such agency from funds available to  
11 carry out such part. Such reimbursement or payment shall  
12 be at replacement cost, or, if required by law, at actual cost,  
13 or at any other price authorized by law and agreed to by the  
14 owning or disposing agency. The amount of any such reim-  
15 bursement or payment shall be credited to current applicable  
16 appropriations, funds, or accounts, from which there may be  
17 procured replacements of similar commodities, services, or  
18 facilities, except that where such appropriations, funds, or  
19 accounts are not reimbursable except by reason of this sub-  
20 section, and when the owning or disposing agency determines  
21 that such replacement is not necessary, any funds received in  
22 payment therefor shall be deposited into the Treasury as  
23 miscellaneous receipts.

24 (d) Except as otherwise provided in sections 507 and  
25 509, reimbursement shall be made to any United States

1 Government agency, from funds available for use under part  
2 II, for any assistance furnished under part II from, by, or  
3 through such agency. Such reimbursement shall be in an  
4 amount equal to the value (as defined in section 644 (m) )  
5 of the defense articles or of the defense services (other than  
6 salaries of members of the Armed Forces of the United  
7 States), or other assistance furnished, plus expenses arising  
8 from or incident to operations under part II. The amount  
9 of such reimbursement shall be credited to the current appli-  
10 cable appropriations, funds, or accounts of such agency.

11 (e) In furnishing assistance under this Act, accounts  
12 may be established on the books of any agency of the United  
13 States Government or, on terms and conditions approved  
14 by the Secretary of the Treasury, in banking institutions in  
15 the United States, (i) against which letters of commitment  
16 may be issued which shall constitute recordable obligations  
17 of the United States Government, and moneys due or to be-  
18 come due under such letters of commitment shall be assign-  
19 able under the Assignment of Claims Act of 1940, as  
20 amended (second and third paragraphs of 31 U.S.C. 203  
21 and 41 U.S.C. 15), and (ii) from which disbursements may  
22 be made to, or withdrawals may be made by, recipient coun-  
23 tries or agencies, organizations, or persons upon presentation  
24 of contracts, invoices, or other appropriate documentation.  
25 Expenditure of funds which have been made available



1 through accounts so established shall be accounted for on  
2 standard documentation required for expenditure of funds  
3 of the United States Government: *Provided*, that such ex-  
4 penditures for commodities, services, or facilities procured  
5 outside the United States may be accounted for exclusively  
6 on such certification as may be prescribed in regulations ap-  
7 proved by the Comptroller General of the United States.

8 (f) Credits made by the Export-Import Bank of Wash-  
9 ington with funds allocated thereto under subsection (a) of  
10 this section or under section 522 (a) of the Mutual Security  
11 Act of 1954, as amended, shall not be considered in deter-  
12 mining whether the Bank has outstanding at any one time  
13 loans and guaranties to the extent of the limitation imposed  
14 by section 7 of the Export-Import Bank Act of 1945, as  
15 amended (12 U.S.C. 635e).

16 (g) Any appropriation or account available to carry out  
17 provisions of part I may initially be charged in any fiscal  
18 year, within the limit of available funds, to finance expenses  
19 for which funds are available in other appropriations or ac-  
20 counts under part I: *Provided*, That as of the end of such  
21 fiscal year such expenses shall be finally charged to ap-  
22 plicable appropriations or accounts with proper credit to the  
23 appropriations or accounts initially utilized for financing pur-  
24 poses: *Provided further*, That such final charge to applicable  
25 appropriations or accounts shall not be required in the case

1 of expenses (other than those provided for under section  
2 636) incurred in furnishing assistance by the agency pri-  
3 marily responsible for administering part I where it is de-  
4 termined that the accounting costs of identifying the ap-  
5 plicable appropriation or account to which such expenses  
6 should be charged would be disproportionate to the ad-  
7 vantages to be gained.

8 SEC. 632. WAIVERS OF CERTAIN LAWS.—(a) When-  
9 ever the President determines it to be in furtherance of the  
10 purposes of this Act, the functions authorized under this Act  
11 may be performed without regard to such provisions of law  
12 (other than the Renegotiation Act of 1951 as amended (50  
13 U.S.C. App. 1211 et seq.)), regulating the making, per-  
14 formance, amendment, or modification of contracts and the  
15 expenditure of funds of the United States Government as the  
16 President may specify.

17 (b) The functions authorized under part II may be per-  
18 formed without regard to such provisions as the President  
19 may specify of the Joint Resolution of November 4, 1939  
20 (54 Stat. 4), as amended.

21 (c) Notwithstanding the provisions of sections 3544 (b)  
22 and 8544 (b) of title 10 of the United States Code, person-  
23 nel of the Department of Defense may be assigned or de-  
24 tailed to any civil office to carry out this Act.

25 SEC. 633. REPORTS AND INFORMATION.—(a) The



1 President shall, while funds made available for the purposes  
2 of this Act remain available for obligation, transmit to the  
3 Congress after the close of each fiscal year a report concern-  
4 ing operations in that fiscal year under this Act.

5 (b) The President shall, in the reports required by  
6 subsection (a) of this section, and in response to requests  
7 from Members of the Congress or inquiries from the public,  
8 make public all information concerning operations under  
9 this Act not deemed by him to be incompatible with the  
10 public interest.

11 (c) None of the funds made available pursuant to the  
12 provisions of part I shall be used to carry out any provision  
13 of part I in any country or with respect to any project or  
14 activity, after the expiration of the thirty-five-day period  
15 which begins on the date the General Accounting Office or  
16 any committee of the Congress, or any duly authorized  
17 subcommittee thereof, charged with considering legislation,  
18 appropriations, or expenditures under this Act, has delivered  
19 to the office of the head of any agency carrying out such  
20 provision, a written request that it be furnished any doc-  
21 ument, paper, communication, audit, review, finding, rec-  
22 ommendation, report, or other material in its custody or  
23 control relating to the administration of such provision  
24 in such country or with respect to such project or activity,  
25 unless and until there has been furnished to the General

1 Accounting Office, or to such committee or subcommittee,  
2 as the case may be, (1) the document, paper, communica-  
3 tion, audit, review, finding, recommendation, report, or  
4 other material so requested, or (2) a certification by the  
5 President that he has forbidden the furnishing thereof pur-  
6 suant to such request and his reason for so doing.

7 (d) After the close of each fiscal year, the President  
8 shall notify the Committee on Foreign Relations and the  
9 Committee on Appropriations of the Senate and the Speaker  
10 of the House of Representatives of all actions taken during  
11 such fiscal year under this Act which resulted in furnishing  
12 assistance of a kind, for a purpose, or to an area, substantially  
13 different from that included in the presentation to the Con-  
14 gress during its consideration of this Act or any Act appro-  
15 priating funds pursuant to authorizations contained in this  
16 Act, or which resulted in obligations or reservations greater  
17 by 50 per centum or more than the proposed obligations or  
18 reservations included in such presentation for the program  
19 concerned, and in his notification the President shall state  
20 the justification for such changes. In addition, the President  
21 shall promptly notify the Committee on Foreign Relations  
22 and the Committee on Appropriations of the Senate and the  
23 Speaker of the House of Representatives of any determina-  
24 tion under section 303, 610, 613 (a), or 613 (b).

25 SEC. 634. GENERAL AUTHORITIES.—(a) Except as



1 otherwise specifically provided in this Act, assistance under  
2 this Act may be furnished on a grant basis or on such terms,  
3 including cash, credit, or other terms of repayment (includ-  
4 ing repayment in foreign currencies or by transfer to the  
5 United States Government of commodities) as may be deter-  
6 mined to be best suited to the achievement of the purposes  
7 of this Act.

8 (b) Except as otherwise specifically provided in this  
9 Act, the President may make advances and grants to, make  
10 and perform agreements and contracts with, or enter into  
11 other transactions with, any individual, corporation, or other  
12 body of persons, government or government agency, whether  
13 within or without the United States, and international or-  
14 ganizations in furtherance of the purposes of this Act.

15 (c) The President may accept and use in furtherance  
16 of the purposes of this Act money, funds, property, and  
17 services of any kind made available by gift, devise, bequest,  
18 grant, or otherwise for such purpose.

19 (d) Any agency of the United States Government is  
20 authorized to pay the cost of health and accident insurance  
21 for foreign participants in any program of furnishing tech-  
22 nical information and assistance administered by such agency  
23 while such participants are absent from their homes for the  
24 purpose of participation in such program.

25 (e) Alien participants in any program of furnishing

1 technical information and assistance under this Act may be  
2 admitted to the United States if otherwise qualified as non-  
3 immigrants under section 101 (a) (15) of the Immigration  
4 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15) ),  
5 for such time and under such conditions as may be pre-  
6 scribed by regulations promulgated by the Secretary of State  
7 and the Attorney General.

8 (f) In making loans under this Act, the President—

9 (1) may issue letters of credit and letters of com-  
10 mitment;

11 (2) may collect or compromise any obligations as-  
12 signed to, or held by, and any legal or equitable rights  
13 accruing to, him, and, as he may determine, refer any  
14 such obligations or rights to the Attorney General for  
15 suit or collection;

16 (3) may acquire and dispose of, upon such terms  
17 and conditions as he may determine, any property, in-  
18 cluding any instrument evidencing indebtedness or own-  
19 ership, and guarantee payment against any such instru-  
20 ment;

21 (4) may determine the character of, and necessity  
22 for, obligations and expenditures of funds used in making  
23 such loans and the manner in which they shall be in-  
24 curred, allowed, and paid, subject to provisions of law



specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.), and no other audit shall be required.

(g) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(h) Claims arising as a result of operations under this Act may be settled, and disputes arising as a result thereof may be arbitrated, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(i) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or

1 transaction arising under this Act, or from acquiring any  
2 obligation issued in connection with any operation or trans-  
3 action arising under this Act.

4 SEC. 635. PROVISIONS ON USES OF FUNDS.—(a) Ap-  
5 propriations for the purposes of or pursuant to this Act  
6 (except for part II), allocations to any agency of the  
7 United States Government, from other appropriations, for  
8 functions directly related to the purposes of this Act, and  
9 funds made available for other purposes to the agency pri-  
10 marily responsible for administering Part I, shall be available  
11 for:

12 (1) rent of buildings and space in buildings in  
13 the United States, and for repair, alteration, and im-  
14 provement of such leased properties, without regard to  
15 the limitation contained in section 322 of Public Law  
16 72-212, as amended (40 U.S.C. 278a) ;

17 (2) expenses of attendance at meetings concerned  
18 with the purposes of such appropriations or of this Act,  
19 including (notwithstanding the provisions of section 9  
20 of Public Law 60-328 (31 U.S.C. 673) ) expenses in  
21 connection with meetings of persons whose employment  
22 is authorized by section 624;

23 (3) contracting with individuals for personal serv-  
24 ices abroad: *Provided*, That such individuals shall not  
25 be regarded as employees of the United States Govern-



ment for the purpose of any law administered by the Civil Service Commission or any other law;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles outside the United States for administrative purposes may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 629: *Provided further*, That passenger motor vehicles, other than for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78 (c) (2) ) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1) ) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

1           (6) entertainment (not to exceed \$25,000 in any  
2       fiscal year except as may otherwise be provided in an  
3       appropriation or other Act) ;

4           (7) exchange of funds without regard to section  
5       3651 of the Revised Statutes (31 U.S.C. 543) and loss  
6       by exchange;

7           (8) expenditures (not to exceed \$50,000 in any  
8       fiscal year except as may otherwise be provided in an  
9       appropriation or other Act) of a confidential character  
10      other than entertainment: *Provided*, That a certificate  
11      of the amount of each such expenditure, the nature of  
12      which it is considered inadvisable to specify, shall be  
13      made by the head of the agency primarily responsible  
14      for administering part I or such person as he may design-  
15      ate, and every such certificate shall be deemed a suffi-  
16      cient voucher for the amount therein specified;

17          (9) insurance of official motor vehicles or aircraft  
18      acquired for use in foreign countries;

19          (10) rent or lease outside the United States for  
20      not to exceed ten years of offices, buildings, grounds,  
21      and quarters, including living quarters to house per-  
22      sonnel, and payments therefor in advance; maintenance,  
23      furnishings, necessary repairs, improvements, and alter-  
24      ations to properties owned or rented by the United  
25      States Government or made available for use to the



1 United States Government outside the United States;  
2 and costs of fuel, water, and utilities for such properties;

3 (11) expenses of preparing and transporting to  
4 their former homes, or, with respect to foreign partici-  
5 pants engaged in any program under part I, to their  
6 former homes or places of burial, and of care and dis-  
7 position of, the remains of persons or members of the  
8 families of persons who may die while such persons are  
9 away from their homes participating in activities car-  
10 ried out with funds covered by this subsection;

11 (12) purchase of uniforms;

12 (13) payment of per diem in lieu of subsistence to  
13 foreign participants engaged in any program under part  
14 I while such participants are away from their homes in  
15 countries other than the United States, at rates not in  
16 excess of those prescribed by the standardized Govern-  
17 ment travel regulations, notwithstanding any other pro-  
18 vision of law;

19 (14) use in accordance with authorities of the  
20 Foreign Service Act of 1946, as amended (22 U.S.C.  
21 801 et seq.), not otherwise provided for;

22 (15) ice and drinking water for use outside the  
23 United States;

24 (16) services of employees of the Coast and Geo-  
25 detic Survey, and for the purposes of providing such

1 services the Coast and Geodetic Survey may appoint  
2 not to exceed twenty employees in addition to those  
3 otherwise authorized;

4 (17) expenses in connection with travel of per-  
5 sonnel outside the United States, including travel ex-  
6 penses of dependents (including expenses during nec-  
7 essary stopovers while engaged in such travel), and  
8 transportation of personal effects, household goods, and  
9 automobiles of such personnel when any part of such  
10 travel or transportation begins in one fiscal year pursu-  
11 ant to travel orders issued in that fiscal year, notwith-  
12 standing the fact that such travel or transportation may  
13 not be completed during the same fiscal year, and cost  
14 of transporting to and from a place of storage, and the  
15 cost of storing automobiles of such personnel when it is  
16 in the public interest or more economical to authorize  
17 storage.

18 (b) Funds made available for the purposes of this Act  
19 may be used for compensation, allowances, and travel of per-  
20 sonnel, including Foreign Service personnel whose serv-  
21 ices are utilized primarily for the purposes of this Act, for  
22 printing and binding without regard to the provisions of any  
23 other law, and for expenditures outside the United States,  
24 for the procurement of supplies and services and for other  
25 administrative and operating purposes (other than compen-



1 sation of personnel) without regard to such laws and regu-  
2 lations governing the obligation and expenditure of funds  
3 of the United States Government as may be necessary to  
4 accomplish the purposes of this Act.

5 (c) Notwithstanding any other law, funds available for  
6 assistance under this Act (other than title I of chapter 2  
7 of part I) may be used in any fiscal year (in addition to  
8 funds available for such use under other authorities in this  
9 Act) to construct or otherwise acquire outside the United  
10 States (i) living quarters, office space, and necessary sup-  
11 porting facilities for use of personnel carrying out activities  
12 authorized by this Act, and (ii) schools (including dormi-  
13 tories and boarding facilities) and hospitals for use of per-  
14 sonnel carrying out activities authorized by this Act, United  
15 States Government personnel, and their dependents. In ad-  
16 dition, funds made available for assistance under this Act  
17 (other than title I of chapter 2 of part I) may be used,  
18 notwithstanding any other law, to equip, staff, operate, and  
19 maintain such schools and hospitals.

20 (d) Not to exceed \$1,500,000 of the funds available  
21 for assistance under this Act (other than title I of chapter  
22 2 of part I) may be used in any fiscal year to provide assist-  
23 ance, on such terms and conditions as are deemed appro-  
24 priate, to schools established, or to be established, outside  
25 the United States whenever it is determined that such action

1 would be more economical or would best serve the inter-  
2 ests of the United States in providing for the education of  
3 dependents of personnel carrying out activities authorized  
4 by this Act and dependents of United States Government  
5 personnel, in lieu of acquisition or construction pursuant to  
6 subsection (c) of this section.

7 (e) Funds available under this Act (other than title I  
8 of chapter 2 of part I) may be used to pay costs of training  
9 United States citizen personnel employed or assigned pur-  
10 suant to section 623 (d) (2) (through interchange or other-  
11 wise) at any State or local unit of government, public or  
12 private nonprofit institution, trade, labor, agricultural, or  
13 scientific association or organization, or commercial firm;  
14 and the provisions of Public Law 84-918 (7 U.S.C. 1881  
15 et seq.) may be used to carry out the foregoing authority  
16 notwithstanding that interchange of personnel may not be  
17 involved or that the training may not take place at the  
18 institutions specified in that Act. Such training shall not be  
19 considered employment or holding of office under section 2  
20 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and  
21 any payments or contributions in connection therewith may,  
22 as deemed appropriate by the head of the agency of the  
23 United States Government authorizing such training, be  
24 made by private or public sources and be accepted by any  
25 trainee, or may be accepted by and credited to the current



1 applicable appropriation of such agency: *Provided, however,*  
2 That any such payments to an employee in the nature of  
3 compensation shall be in lieu, or in reduction, of compensa-  
4 tion received from the United States Government.

5 (f) Funds made available under section 212 may be  
6 used for expenses (other than those provided for under sec-  
7 tion 636) to assist in carrying out functions under title I of  
8 chapter 2 of part I, under the Agricultural Trade Develop-  
9 ment and Assistance Act of 1954, as amended (7 U.S.C.  
10 1691 et seq.), and under the Act to provide for assistance  
11 in the development of Latin America and in the reconstruc-  
12 tion of Chile, and for other purposes (22 U.S.C. 1942 et  
13 seq.), performed by the agency primarily responsible for ad-  
14 ministering part I.

15 (g) Funds made available for the purposes of part II  
16 shall be available for—

17 (1) administrative, extraordinary, and operating  
18 expenses;

19 (2) reimbursement of actual expenses of military  
20 officers detailed or assigned as tour directors in connec-  
21 tion with orientation visits of foreign military personnel,  
22 in accordance with the provisions of section 3 of the  
23 Travel Expense Act of 1949, as amended (5 U.S.C.  
24 836), applicable to civilian officers and employees; and

25 (3) construction, maintenance, repair, alteration,

1       and furnishing of United States-owned facilities in the  
2       District of Columbia or elsewhere for the training of  
3       foreign military personnel, without regard to the pro-  
4       visions of section 3733 of the Revised Statutes (41  
5       U.S.C. 12) or other provision of law requiring a specific  
6       authorization or specific appropriation for such public  
7       contracts.

8       SEC. 636. ADMINISTRATIVE EXPENSES.—There is  
9       hereby authorized to be appropriated to the President for the  
10      fiscal year 1962 not to exceed \$51,000,000 for necessary ad-  
11      ministrative expenses of the agency primarily responsible  
12      for administering part I incident to carrying out the provi-  
13      sions of part I, and to exercising functions under the Agri-  
14      cultural Trade Development and Assistance Act of 1954, as  
15      amended (7 U.S.C. 1691 et seq.), and under the Act to  
16      provide for assistance in the development of Latin America  
17      and in the reconstruction of Chile, and for other purposes  
18      (22 U.S.C. 1942 et seq.).

19                   CHAPTER 3—MISCELLANEOUS PROVISIONS

20      SEC. 641. EFFECTIVE DATE.—This Act shall take effect  
21      on the date of its enactment.

22      SEC. 642. STATUTES REPEALED.—(a) There are  
23      hereby repealed—

- 24                   (1) Reorganization Plan Numbered 7 of 1953;  
25                   (2) the Mutual Security Act of 1954, as amended



(except sections 402, 405 (a), 405 (c), 405 (d), 408, 414, 417, 502, and 523 (d) ) ;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501 (a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended;

(8) section 604 and chapter VIII of the Mutual Security Act of 1960; and

(9) Section 7307 (b) of title 10 of the United States Code.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts,

1 agreements, and other actions issued, undertaken, or entered  
2 into under authority of any provision of law repealed by sec-  
3 tion 642 (a) shall continue in full force and effect until  
4 modified by appropriate authority.

5 (b) Wherever provisions of this Act establish conditions  
6 which must be complied with before use may be made of  
7 authority contained in, or funds authorized by, this Act,  
8 compliance with, or satisfaction of, substantially similar con-  
9 ditions under Acts listed in section 642 (a) or Acts repealed  
10 by those Acts shall be deemed to constitute compliance with  
11 the conditions established by this Act.

12 (c) Funds made available pursuant to provisions of law  
13 repealed by section 642 (a) (2) shall, unless otherwise au-  
14 thorized or provided by law, remain available for their  
15 original purposes in accordance with the provisions of law  
16 originally applicable thereto, or in accordance with the pro-  
17 visions of law currently applicable to those purposes.

18 (d) No provision of this Act shall affect, or be deemed  
19 to affect, except as the President may determine, the agency  
20 within the Department of State known as the Peace Corps,  
21 nor any of the functions, offices, personnel, property, records,  
22 and funds available thereto on the date prior to the effective  
23 date of this Act, pending the enactment of legislation for the  
24 Peace Corps or the adjournment of the first session of the  
25 Eighty-Seventh Congress, whichever is earlier.



1        SEC. 644. DEFINITIONS.—As used in this Act—

2        (a) “Agency of the United States Government” in-  
3 cludes any agency, department, board, wholly or partly  
4 owned corporation, instrumentality, commission, or estab-  
5 lishment of the United States Government.

6        (b) “Armed Forces” of the United States means the  
7 Army, Navy, Air Force, Marine Corps, and Coast Guard.

8        (c) “Commodity” includes any material, article, sup-  
9 ply, goods, or equipment used for the purposes of furnishing  
10 nonmilitary assistance.

11        (d) “Defense article” includes—

12            (1) any weapon, weapons system, munition, air-  
13 craft, vessel, boat, or other implement of war;

14            (2) any property, installation, commodity, mate-  
15 rial, equipment, supply, or goods used for the purposes  
16 of furnishing military assistance;

17            (3) any machinery, facility, tool, material, supply,  
18 or other item necessary for the manufacture, production,  
19 processing, repair, servicing, storage, construction, trans-  
20 portation, operation, or use of any article listed in this  
21 subsection; or

22            (4) any component or part of any article listed in  
23 this subsection; but

24 shall not include merchant vessels or, as defined by the  
25 Atomic Energy Act of 1954, as amended (42 U.S.C. 2011),

1 source material, byproduct material, special nuclear material,  
2 or atomic weapons.

3 (e) "Defense information" includes any document,  
4 writing, sketch, photograph, plan, model, specification, de-  
5 sign, prototype, or other recorded or oral information relating  
6 to any defense article or defense service, but shall not in-  
7 clude Restricted Data and formerly Restricted Data as de-  
8 fined by the Atomic Energy Act of 1954, as amended.

9 (f) "Defense service" includes any service, test, in-  
10 spection, repair, training, training aid, publication, or tech-  
11 nical or other assistance, including the transfer of limited  
12 quantities of defense articles for test, evaluation, or standardi-  
13 zation purposes, or defense information used for the purposes  
14 of furnishing military assistance.

15 (g) "Excess defense articles" means the quantity of de-  
16 fense articles owned by the United States Government which  
17 is in excess of the mobilization reserve.

18 (h) "Function" includes any duty, obligation, power,  
19 authority, responsibility, right, privilege, discretion, or  
20 activity.

21 (i) "Mobilization reserve" means the quantity of de-  
22 fense articles determined to be required, under regulations  
23 prescribed by the President, to support mobilization of the  
24 Armed Forces of the United States Government in the event  
25 of war or national emergency.



1       (j) "Officer or employee" means civilian personnel and  
2 members of the Armed Forces of the United States Govern-  
3 ment.

4       (k) "Services" include any service, repair, training  
5 of personnel, or technical or other assistance or informa-  
6 tion used for the purpose of furnishing nonmilitary assistance.

7       (l) "Surplus agricultural commodity" means any agri-  
8 cultural commodity or product thereof, class, kind, type, or  
9 other specification thereof, produced in the United States,  
10 either publicly or privately owned, which is in excess of  
11 domestic requirements, adequate carryover, and anticipated  
12 exports for United States dollars, as determined by the Secre-  
13 tary of Agriculture.

14       (m) "Value" means—

15           (1) with respect to excess defense articles, the gross  
16 cost incurred by the United States Government in re-  
17 pairing, rehabilitating, or modifying such articles; and

18           (2) with respect to nonexcess defense articles the  
19 price obtaining for transfers of such articles between  
20 the Armed Forces of the United States Government,  
21 or, where such articles are not transferred between  
22 the Armed Forces of the United States, the gross cost  
23 to the United States Government adjusted as appro-  
24 priate for condition and market value.

25       SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-

ances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

#### PART IV

SEC. 701. Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484), is amended by adding a new subsection (p) reading as follows:

“(p) In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator.”

SEC. 702. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out “(other than title II of chapter II thereof)” and substitute “or any successor Act (other than a contract financed by



1 loan repayable in United States dollars, unless the Secretary  
2 of Labor, upon the recommendation of the head of any  
3 department or other agency of the United States, deter-  
4 mines such contract should be covered by this section) ”.

5 (2) In subsection (e) strike out “June 30, 1958, but  
6 not completed on July 24, 1959” and substitute therefor  
7 “but not completed on the date of enactment of any successor  
8 Act to the Mutual Security Act of 1954, as amended”.

9 SEC. 703. In paragraph (4) of section 101 (a) of the  
10 War Hazards Compensation Act, as amended (42 U.S.C.  
11 1701), strike out “(other than title II of chapter II there-  
12 of)” and substitute therefor “or any successor Act (other  
13 than a contract financed by loan repayable in United States  
14 dollars unless the Secretary, upon the recommendation of the  
15 head of any department or agency of the United States, de-  
16 termines such contract should be covered by this section) ”.

17 SEC. 704. (a) Section 305 of the Mutual Defense As-  
18 sistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is  
19 amended to read as follows:

20 “SEC. 305. There is hereby authorized to be appropri-  
21 ated to the Department of State such sums as may be neces-  
22 sary from time to time to carry out the objectives of this  
23 Act.”

24 (b) The amendment to section 305 of the Mutual De-  
25 fense Assistant Control Act of 1951 affected by subsection

1 (a) of this section shall not be be deemed to affect the re-  
2 peal of laws effected by that section prior to such amend-  
3 ment.

4 SEC. 705. Section 104 (e) of the Agricultural Trade  
5 Development and Assistance Act of 1954, as amended (7  
6 U.S.C. 1704 (e) ), is amended by substituting “such agency  
7 as the President shall direct” and “agency” for “the Export-  
8 Import Bank” and “bank”, respectively.

9 SEC. 706. Section 5 of the joint resolution to pro-  
10 mote peace and stability in the Middle East (22 U.S.C.  
11 1964) is amended by substituting “whenever appropriate”  
12 for “within the months of January and July of each year”.

13 SEC. 707.—Section 5 (f) of the International Health  
14 Research Act of 1960 (22 U.S.C. 2103 (f) ) is amended by  
15 adding a new final sentence “The President may delegate  
16 any authority vested in him by this section to such other  
17 officer or head of agency of the United States Government  
18 as he deems appropriate.”

19 SEC. 708. The Act to provide for assistance in the  
20 development of Latin America and in the reconstruction  
21 of Chile, and for other purposes (22 U.S.C. 1942 et seq.),  
22 is amended by adding a new section 4 reading as follows:

23 “GENERAL PROVISION

24 “SEC. 4. Funds appropriated under sections 2 and 3  
25 of this Act may be used for assistance under this Act pur-



1 suant to such provisions applicable to the furnishing of such  
2 assistance contained in any successor Act to the Mutual Se-  
3 curity Act of 1954, as amended, as the President determines  
4 to be necessary to carry out the purposes for which such  
5 funds are appropriated.”

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# A BILL

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts towards economic and social development and internal and external security, and for other purposes.

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By Mr. FULBRIGHT

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MAY 26, 1961

Read twice and referred to the Committee on  
Foreign Relations









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For Department  
Staff Only)

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For actions of May 29, 1961  
87th-1st, No. 90

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HIGHLIGHTS: Senate subcommittee voted to report Interior appropriation bill. Senate committee reported measure favoring establishment of international food reserve. House committee reported State-Justice appropriation bill. Rep. Findley criticized farm bill.

## HOUSE

1. APPROPRIATIONS. The Appropriations Committee reported without amendment H. R. 7371, State, Justice, Judiciary, and related agencies appropriation bill for 1962 (H. Rept. 442). pp. 8582, 8593
2. FARM PROGRAM. Rep. Findley criticized the farm bill, saying "H. R. 6400 is not a farm bill. It is a grab for executive power unparalleled in history." pp. 8587-8
3. FARM MACHINERY; TRACTORS. Rep. Casey said, "We spend some \$45 million to overthrow Castro--and the U. N. sends him half a million dollars of our money in aid. Now, we are engaged in trying to buy back our self-respect with \$15 million worth of tractors." pp. 8591-2
4. EDUCATION. On May 26 the Education and Labor Committee reported without amendment H. R. 7215, to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities, and to authorize scholarship grants for under-graduate study in such institutions (H. Rept. 440). p. 8593



5. FOREIGN AID. Received from the President a proposed bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security; to Foreign Affairs Committee. p. 8593
6. HOUSING. The Banking and Currency Committee was granted until midnight Thurs., June 1, to file a report on H. R. 6028, the housing bill.
7. PUBLIC LANDS. The Agriculture Committee reported without amendment H. R. 8249, to authorize this Department to convey certain property in California to Trinity County (H. Rept. 443), and with amendment H. R. 2250, to direct this Department to convey certain lands in Lassen County, Calif., to the city of Susanville (H. Rept. 444). p. 8593
8. ADJOURNED until Thurs., June 1. p. 8593

SENATE

9. INTERIOR AND RELATED AGENCIES APPROPRIATION BILL, 1962. A Subcommittee of the Appropriations Committee voted to report with amendments to the full committee this bill, H. R. 6345, which includes Forest Service items. The "Daily Digest" states that the full committee will consider the bill Fri. p. D399
10. FOOD RESERVES. The Foreign Relations Committee reported without amendment S. Res. 128, expressing the sense of the Senate that the President should explore with other nations the establishment of an International food and raw materials reserve under the auspices of the United Nations and related international organizations for the purpose of acquiring and storing in foreign countries raw or processed farm products and other raw materials (S. Rept. 291). p. 8536
11. FOREIGN AID. The Foreign Relations Committee reported without amendment S. Res. 154, favoring the establishment of a White Fleet of ships to render emergency assistance, including food supplies, to people of other nations in case of disaster (S. Rept. 292). p. 8536
12. FARM LOANS. Sen. Humphrey discussed the "credit emergency facing the average farmer," stated that "even though FHA funds were exhausted well before the end of fiscal 1961 the Department of Agriculture has not requested an increase in loan authorizations for 1962," and inserted his testimony before the S. Agriculture Appropriations Subcommittee favoring an increase in loan funds for FHA. p. 8549
13. MANPOWER RESOURCES. Both Houses received from the President a proposed bill for the occupational training, development, and use of the manpower resources of the Nation; to S. Labor and Public Welfare and H. Education and Labor Committees. pp. 8532, 8593
14. FARM PROGRAM. Sen. Carlson inserted a resolution of the Troy, Kan., Local Farmers Union favoring enactment of the omnibus farm bill, and a statement of the Kan. Farmers Union commending passage of the feed grain bill and stating that if the omnibus farm bill cannot be enacted in time to apply to the 1962 wheat crop it favors passage of legislation "to idle land similar to the feed-grain bill provide for bushel allotments and raise the price of wheat." p. 8535



87TH CONGRESS  
1ST SESSION

**H. R. 7372**

# H. R. 7372

## IN THE HOUSE OF REPRESENTATIVES

MAY 29, 1961

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

# A BILL

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*

## 3 PART I

## 4 CHAPTER 1—SHORT TITLE AND POLICY

5 SEC. 101. SHORT TITLE.—This part may be cited as the  
6 “Act for International Development of 1961”.

7        SEC. 102. STATEMENT OF POLICY.—The Congress of  
8    the United States reaffirms its belief that peace in the world

1 increasingly depends on wider recognition, both in principle  
2 and in practice, of the dignity and interdependence of man,  
3 and that the survival of free institutions in the United States  
4 can best be assured in a worldwide atmosphere of expanded  
5 freedom. To this end, the United States has in the past  
6 provided assistance to help strengthen the forces of freedom  
7 by aiding peoples of less developed countries of the world  
8 to develop their resources and improve their living standards,  
9 to realize their aspirations for justice, education, dignity, and  
10 respect as individual human beings, and to establish respon-  
11 sible governments. The Congress declares it to be a primary  
12 necessity, opportunity, and responsibility of the United  
13 States, and consistent with its traditions and ideals, to renew  
14 the spirit which lay behind these past efforts, and to help  
15 make a historic demonstration that economic growth and  
16 political democracy can go hand in hand to the end that an  
17 enlarged community of free, stable, and self-reliant nations  
18 can reduce world tensions and insecurity. In addition, the  
19 Congress declares that it is the policy of the United States  
20 to support the principles of increased economic cooperation  
21 and trade among nations, freedom of navigation in interna-  
22 tional waterways, and recognition of the right of all private  
23 persons to travel and pursue their lawful activities without  
24 discrimination as to race or religion. Accordingly, the Con-  
25 gress hereby affirms it to be the policy of the United States



1 to make assistance available under this part in scope and on  
2 a basis of long-range continuity essential to the creation of  
3 an environment in which the energies of the peoples of the  
4 world can be devoted to constructive purposes, free of pres-  
5 sure and erosion by the adversaries of freedom. It is the  
6 sense of the Congress that assistance under this part should  
7 be complemented by the furnishing under any other Act of  
8 surplus agricultural commodities to the maximum extent  
9 possible, and that increased disposal be made of excess prop-  
10 erty and stockpile materials under this part and other Acts.

11 In order to achieve these basic goals, to the extent prac-  
12 ticable assistance should be based upon well-conceived plans;  
13 be directed toward the social as well as economic aspects of  
14 economic development; be responsive to the efforts of the  
15 recipient countries to mobilize their own resources and help  
16 themselves; be cognizant of the external and internal pres-  
17 sures which hamper the transition to growth; and should  
18 emphasize long-range development assistance as the primary  
19 instrument of such growth. In order continually to increase  
20 the effectiveness of development assistance, intensive research  
21 should be carried on into the techniques of such assistance.  
22 Since economic and political stability are indispensable to  
23 economic growth and to social progress, it is further the  
24 policy of the United States to provide assistance to countries  
25 and areas in order to support or promote such stability. The

1 Congress also recognizes the important contribution of the  
2 United Nations and its specialized agencies, and of other in-  
3 ternational organizations and agencies, to the attainment of  
4 these goals, as well as to relief of human distress and to  
5 scientific progress, and declares that it is the policy of the  
6 United States to provide for contribution to those activities  
7 of such organizations and agencies which are directed toward  
8 such objectives and goals. Finally, the Congress urges that  
9 all other countries able to contribute join in a common under-  
10 taking to meet the goals stated in this part.

## 11 CHAPTER 2—DEVELOPMENT ASSISTANCE

### 12 TITLE I—DEVELOPMENT LOANS

13 SEC. 201. GENERAL AUTHORITY.—(a) The President  
14 is authorized to make loans repayable in United States dol-  
15 lars on such terms and conditions as he may determine, in  
16 order to promote the economic development of less developed  
17 countries and areas, with emphasis upon assisting long-range  
18 plans and programs designed to develop economic resources  
19 and increase productive capacities. In so doing, the Presi-  
20 dent shall take into account (1) whether financing could  
21 be obtained in whole or in part from other free-world sources  
22 on reasonable terms, (2) the economic and technical sound-  
23 ness of the activity to be financed, (3) whether the activity  
24 gives reasonable promise of contributing to the development  
25 of economic resources or to the increase of productive



1 capacities in furtherance of the purposes of this title, (4) the  
2 consistency of the activity with, and its relationship to, other  
3 development activities being undertaken or planned, and its  
4 contribution to realizable long-range objectives, and (5) the  
5 extent to which the recipient country is showing a respon-  
6 siveness to the vital economic, political, and social concerns  
7 of its people, and demonstrating a clear willingness to take  
8 effective self-help measures. Loans shall be made under this  
9 title only upon a finding of reasonable prospects of repay-  
10 ment.

11 (b) The authority of section 610 may not be used to  
12 decrease the funds available under this title, nor may the  
13 authority of section 613 (a) be used to waive the require-  
14 ments of this title.

15 SEC. 202. CAPITALIZATION.—(a) The President is au-  
16 thorized to issue, during the fiscal years 1962 through 1966,  
17 notes for purchase by the Secretary of the Treasury in order  
18 to carry out the purposes of this title. The maximum aggre-  
19 gate amount of such notes issued during the fiscal year 1962  
20 shall be \$900,000,000, and the maximum aggregate amount  
21 of such notes issued during each of the fiscal years 1963  
22 through 1966 shall be \$1,600,000,000: *Provided*, That any  
23 unissued portion of the maximum amount of notes authorized  
24 for any such fiscal year may be issued in any subsequent  
25 fiscal year during the note-issuing period in addition to the

1 maximum aggregate amount of notes otherwise authorized  
2 for such subsequent fiscal year. Such notes shall be redeem-  
3 able at the option of the President before maturity in such  
4 manner as may be stipulated in such notes, and shall have  
5 such maturity and other terms and conditions as may be de-  
6 termined by the President. Payment under this subsection  
7 of the purchase price of such notes and repayments thereof  
8 by the President shall be treated as public-debt transactions  
9 of the United States Government.

10 (b) United States dollars which are derived directly or  
11 indirectly on or after the effective date of this Act from pay-  
12 ment of obligations under which the United States Govern-  
13 ment may require payment exclusively in United States  
14 dollars and which were created under (1) An Act To Pro-  
15 mote the Defense of the United States, as amended (22  
16 U.S.C. 411 et seq.), (2) the Surplus Property Act of 1944,  
17 as amended (50 U.S.C. App. 1622 et seq.), (3) Public  
18 Law 79-509 (22 U.S.C. 286l, 286m) (4) the Economic  
19 Cooperation Act of 1948, as amended (22 U.S.C. 1501 et  
20 seq.), (5) the German and Japanese Government and Re-  
21 lief in Occupied Areas Program, and (6) loans under the  
22 Mutual Security Act of 1954, as amended (22 U.S.C. 1750  
23 et seq.) (other than military assistance), shall be available  
24 for use for purposes of this title, notwithstanding the provi-  
25 sions of any other Act referred to in this subsection. In the



1 case of any such payments which, were it not for the provi-  
2 sions of this subsection, would have been used to retire notes  
3 or obligations issued to finance the activity from which the  
4 payments were derived, the President shall assume such  
5 notes or obligations, together with any interest accrued and  
6 unpaid thereon, in an amount equivalent to such payments.

7 (c) Except as otherwise provided in this part, the  
8 United States dollar assets of the Development Loan Fund  
9 which remain unobligated on the date prior to the abolition  
10 of the Fund shall be available for use for purposes of this  
11 title.

12 SEC. 203. FISCAL PROVISIONS.—(a) All receipts from  
13 loans made under and in accordance with this title shall be  
14 available for use for the purposes of this title. Such receipts  
15 and other funds made available under this title for use for the  
16 purposes of this title shall remain available until expended.

17 (b) The President is authorized to incur in carrying out  
18 the purposes of this title obligations which may not at any  
19 time exceed the sum of (i) all funds made available and all  
20 funds authorized to be made available pursuant to the au-  
21 thority, and subject to the fiscal year limitations, provided in  
22 section 202 (a), and (ii) all other funds made available pur-  
23 suant to this part for the purposes of this title.

24 (c) In carrying out the purposes of this title, the Presi-  
25 dent shall prepare annually and submit a budget program in

1 accordance with the provisions of sections 102, 103, and 104  
2 of the Government Corporation Control Act, as amended (31  
3 U.S.C. 847-849).

4 SEC. 204. REPORTS.—At the close of each quarter of  
5 the fiscal year, the President shall submit to the Committee  
6 on Foreign Relations and the Committee on Appropriations  
7 of the Senate and the Speaker of the House of Representa-  
8 tives a report of activities carried out in such quarter under  
9 this title, including appropriate information as to the amount  
10 of loans made under section 201 (a), and notes issued under  
11 section 202 (a), as well as any undertakings which have  
12 committed the United States Government to future obliga-  
13 tions and expenditures of funds.

14 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The  
15 President shall establish an interagency Development Loan  
16 Committee, consisting of such officers from such agencies  
17 of the United States Government as he may determine,  
18 which shall, under the direction of the President, establish  
19 standards and criteria for lending operations under this title  
20 in accordance with the foreign and financial policies of the  
21 United States.

22 TITLE II—DEVELOPMENT GRANTS

23 SEC. 211. GENERAL AUTHORITY.—The President is  
24 authorized to furnish assistance on such terms and conditions



1 as he may determine in order to promote the economic de-  
2 velopment of less developed countries and areas, with em-  
3 phasis upon assisting the development of human resources.  
4 In so doing, the President shall take into account (1)  
5 whether the activity gives reasonable promise of contribut-  
6 ing to the development of educational or other institutions  
7 and programs directed toward social progress, (2) the con-  
8 sistency of the activity with, and its relationship to other  
9 development activities being undertaken or planned, and its  
10 contribution to realizable long-range development objectives,  
11 (3) the economic and technical soundness of the activity to  
12 be financed, and (4) the extent to which the recipient coun-  
13 try is showing a responsiveness to the vital economic, politi-  
14 cal, and social concerns of its people, and demonstrating a  
15 clear willingness to take effective self-help measures.

16 SEC. 212. AUTHORIZATION.—There is hereby author-  
17 ized to be appropriated to the President for use beginning  
18 in the fiscal year 1962 to carry out the purposes of section  
19 211 not to exceed \$380,000,000, which shall remain avail-  
20 able until expended.

21 SEC. 213. ATOMS FOR PEACE.—The President is author-  
22 ized to use, in addition to other funds available for such pur-  
23 poses, funds available for the purposes of section 211 for

1 assistance, on such terms and conditions as he may deter-  
2 mine, designed to promote the peaceful uses of atomic energy  
3 outside the United States.

4 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS  
5 ABROAD.—(a) The President is authorized to use, in addi-  
6 tion to other funds available for such purposes, funds made  
7 available for the purposes of section 211 for assistance, on  
8 such terms and conditions as he may specify, to schools and  
9 libraries outside the United States founded or sponsored by  
10 United States citizens and serving as study and demonstra-  
11 tion centers for ideas and practices of the United States.

12 (b) The President is authorized to use, notwithstanding  
13 the provisions of the Mutual Defense Assistance Control  
14 Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies  
15 accruing to the United States Government under any Act  
16 for purposes of subsection (a) of this section, and for assist-  
17 ance, on such terms and conditions as he may specify, to  
18 hospitals outside the United States founded or sponsored by  
19 United States citizens and serving as centers for medical  
20 treatment, education, and research.

21 SEC. 215. VOLUNTARY AGENCIES.—In order to further  
22 the efficient use of United States voluntary contributions  
23 for relief and rehabilitation, the President is authorized to  
24 use funds made available for the purposes of section 211 to  
25 pay transportation charges from United States ports to ports



1 of entry abroad, or, in the case of landlocked countries, to  
2 points of entry in such countries, on shipments by the Amer-  
3 ican Red Cross and United States voluntary nonprofit relief  
4 agencies registered with and approved by the Advisory Com-  
5 mittee on Voluntary Foreign Aid.

### 6 TITLE III—INVESTMENT GUARANTIES

7 SEC. 221. GENERAL AUTHORITY.—(a) In order to  
8 facilitate and increase the participation of private enterprise  
9 in furthering the development of the economic resources and  
10 productive capacities of less developed countries and areas,  
11 the President is authorized to issue guaranties as provided in  
12 subsection (b) of this section of investments in connection  
13 with projects, including expansion, modernization, or devel-  
14 opment of existing enterprises, in any country or area with  
15 the government of which the President has agreed to institute  
16 the guaranty program. Each such project shall be approved  
17 by the President and by the government concerned.

18 (b) The President may issue guaranties to United  
19 States citizens, or corporations, partnerships, or other asso-  
20 ciations in which the majority beneficial interest is held by  
21 United States citizens:

22 (1) assuring protection in whole or in part against  
23 any or all of the following risks:

24 (A) inability to convert into United States dol-  
25 lars other currencies, or credits in such currencies,

1           received as earnings or profits from the approved  
2           project as repayment or return of the investment  
3           therein, in whole or in part, or as compensation for  
4           the sale or disposition of all or any part thereof,

5           (B) loss of investment in the approved project  
6           due to expropriation or confiscation by action of a  
7           foreign government, and

8           (C) loss due to war, revolution, insurrection, or  
9           civil strife accompanying war, revolution, or insur-  
10          rection, or due to any sanction which is imposed by  
11          any government against the government of the area  
12          where the project is located and which materially  
13          adversely affects the continued operation of the  
14          project:

15       *Provided*, That the total face amount of the guaranties  
16       issued under this paragraph (1) outstanding at any  
17       one time shall not exceed \$1,000,000,000; and

18           (2) where the President determines such action to  
19       be important to the furtherance of the purposes of this  
20       title, assuring against loss in whole or in part of a loan  
21       investment due to nonpayment for any reason, or assur-  
22       ing against loss in whole or in part of any other form of  
23       investment due to such risks as the President may deter-  
24       mine, upon such terms and conditions as the President  
25       may determine: *Provided*, That the total face amount of



1 the guaranties issued under this paragraph (2) out-  
2 standing at any one time shall not exceed \$100,000,000.

3 (c) No guaranty shall exceed the value of the invest-  
4 ment made in the project with the approval of the President  
5 plus actual earnings or profits on said investment to the  
6 extent provided by such guaranty, nor shall any guaranty  
7 extend beyond twenty years from the date of issuance.

8 (d) The President shall make suitable arrangements  
9 for protecting the interests of the United States Government  
10 in connection with any guaranty issued under section 221

11 (b), including arrangements with respect to the ownership,  
12 use, and disposition of the currency, credits, assets, or invest-  
13 ment on account of which payment under such guaranty  
14 is to be made, and any right, title, claim, or cause of action  
15 existing in connection therewith.

16 SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be  
17 charged for each guaranty in an amount to be determined by  
18 the President. In the event the fee to be charged for a type  
19 of guaranty authorized under section 221 (b) is reduced, fees  
20 to be paid under existing contracts for the same type of  
21 guaranty may be similarly reduced.

22 (b) All fees collected under this section, all fees here-  
23 tofore collected under sections 202 (b) and 413 (b) (4) of  
24 the Mutual Security Act of 1954, as amended, and under  
25 section 111 (b) (3) of the Economic Cooperation Act of

1 1948, as amended (22 U.S.C. 1509 (b) (3)) (exclusive of  
2 fees for informational media guaranties heretofore or here-  
3 after issued pursuant to section 1011 of the United States In-  
4 formation and Educational Exchange Act of 1948, as  
5 amended (22 U.S.C. 1442) and section 111 (b) (3) of the  
6 Economic Cooperation Act of 1948, as amended, and all  
7 reserves maintained for any guaranties heretofore issued pur-  
8 suant to section 202 (b) of the Mutual Security Act of 1954,  
9 as amended, shall be available for meeting management and  
10 custodial costs incurred with respect to currencies or other  
11 assets acquired under guaranties made pursuant to section  
12 221 (b) of this part, sections 202 (b) and 413 (b) (4) of  
13 the Mutual Security Act of 1954, as amended, and section  
14 111 (b) (3) of the Economic Cooperation Act of 1948, as  
15 amended (exclusive of informational media guaranties), and  
16 shall be available for expenditure in discharge of liabilities  
17 under guaranties made pursuant to such sections, until such  
18 time as all such property has been disposed of and all such  
19 liabilities have been discharged or have expired, or until all  
20 such fees and reserves have been expended in accordance  
21 with the provisions of this section.

22 (c) In computing the total face amount of guaranties  
23 outstanding at any one time for purposes of paragraph (1)  
24 of section 221 (b), the President shall include the face  
25 amounts of outstanding guaranties theretofore issued pursuant



1 to such paragraph, sections 202 (b) and 413 (b) (4) of the  
2 Mutual Security Act of 1954, as amended, and section  
3 111 (b) (3) of the Economic Cooperation Act of 1948, as  
4 amended, but shall exclude informational media guaranties.

5 (d) Any payments made to discharge liabilities under  
6 guaranties issued under section 221 (b) of this part, sections  
7 202 (b) and 413 (b) (4) of the Mutual Security Act of  
8 1954, as amended, and section 111 (b) (3) of the Economic  
9 Cooperation Act of 1948, as amended (exclusive of informa-  
10 tional media guaranties), shall be paid first out of fees and  
11 reserves referred to in section 222 (b) as long as such fees  
12 and reserves are available, and thereafter shall be paid out  
13 of funds, if any, realized from the sale of currencies or other  
14 assets acquired in connection with any such guaranties as  
15 long as such funds are available, and finally shall be paid  
16 out of funds realized from the sale of notes issued under sec-  
17 tion 413 (b) (4) (F) of the Mutual Security Act of 1954,  
18 as amended, and section 111 (c) (2) of the Economic Co-  
19 operation Act of 1948, as amended.

20 (e) All guaranties issued after June 30, 1956, shall,  
21 and all guaranties issued prior to July 1, 1956 (exclusive  
22 of informational media guaranties), may, be considered for  
23 the purposes of section 3679 (31 U.S.C. 665) and section  
24 3732 (41 U.S.C. 11) of the Revised Statutes, as amended,  
25 as obligations only to the extent of the probable ultimate

1 net cost to the United States Government of all outstanding  
2 guaranties. Funds obligated in connection with guaranties  
3 issued under section 221 (b) of this part, sections 202 (b)  
4 and 413 (b) (4) of the Mutual Security Act of 1954, as  
5 amended, and section 111 (b) (3) of the Economic Coopera-  
6 tion Act of 1948, as amended (exclusive of informational  
7 media guaranties), shall constitute a single reserve, together  
8 with funds available for obligation hereunder but not yet ob-  
9 ligated, for the payment of claims under all guaranties issued  
10 under such sections: *Provided*, That funds obligated in con-  
11 nection with guaranties issued prior to July 1, 1956, shall  
12 not, without the consent of the investor, be available for  
13 the payment of claims arising under any subsequent  
14 guaranty. Funds available for obligation hereunder shall  
15 be decreased by the amount of any payments made to dis-  
16 charge liabilities under guaranties issued pursuant to sec-  
17 tion 221 (b) of this part, sections 202 (b) and 413 (b) (4)  
18 of the Mutual Security Act of 1954, as amended, and sec-  
19 tion 111 (b) (3) of the Economic Cooperation Act of 1948,  
20 as amended (exclusive of informational media guaranties),  
21 and shall be increased by the amount obligated for guaranties  
22 as to which all liability of the United States Government  
23 has been terminated, and by the amount of funds realized  
24 from the sale of currencies or other assets acquired in connec-  
25 tion with any payments made to discharge liabilities, and



1 the amount of fees collected under guaranties issued pursuant  
2 to such sections (exclusive of informational media guaran-  
3 ties).

4 (f) The guaranty program authorized by this title shall  
5 be administered under broad criteria so as to facilitate and  
6 increase the participation of private enterprise in furthering  
7 the development of the economic resources and productive  
8 capacities of less developed countries and areas.

9 SEC. 223. DEFINITION.—As used in this title the term  
10 “investment” includes any contribution of capital commod-  
11 ities, services, patents, processes, or techniques by any per-  
12 son in the form of (1) a loan or loans to an approved proj-  
13 ect, (2) the purchase of a share of ownership in any such  
14 project, (3) participation in royalties, earnings, or profits  
15 of any such project, and (4) the furnishing of capital com-  
16 modities and related services pursuant to a contract provid-  
17 ing for payment in whole or in part after the end of the fiscal  
18 year in which the guaranty of such investment is made.

19 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

20 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-  
21 courage and promote the undertaking by private enterprise  
22 of surveys of investment opportunities, other than in extrac-  
23 tive industries, in less developed countries and areas, the  
24 President is authorized to participate in the financing of such

1 surveys, on such terms and conditions as he may determine,  
2 but not in excess of fifty per centum of the total cost of each  
3 survey. Such surveys shall be approved by the President  
4 and the government concerned.

5 (b) In the event that a person who has undertaken a  
6 survey in accordance with this title determines, within a  
7 period of time to be determined by the President, not to  
8 undertake, directly or indirectly, the investment opportunity  
9 surveyed, such person shall turn over to the President a pro-  
10 fessionally acceptable technical report with respect to all  
11 matters explored. Such report shall become the property  
12 of the United States Government, and the United States  
13 Government shall be entitled to have access to, and obtain  
14 copies of, all underlying correspondence, memorandums,  
15 working papers, documents, and other materials in connec-  
16 tion with the survey.

17 SEC. 232. AUTHORIZATION.—There is hereby author-  
18 ized to be appropriated to the President for use beginning in  
19 the fiscal year 1962 to carry out the purposes of this title  
20 not to exceed \$5,000,000, which shall remain available until  
21 expended.

22 SEC. 233. DEFINITIONS.—As used in this title—

23 (a) the term “person” means a citizen of the



1 United States or any corporation, partnership, or other  
2 association in which the majority beneficial interest is  
3 held by United States citizens; and

4 (b) the term "extractive industries" means any  
5 business undertaking which involves only ascertaining  
6 the existence, location, extent, or quality of any deposit  
7 or pool of ore, oil, gas, or other mineral, or extracting  
8 and exporting the same, or both.

9 TITLE V—DEVELOPMENT RESEARCH

10 SEC. 241. GENERAL AUTHORITY.—The President is  
11 authorized to carry out programs of research into the process  
12 of economic development in less developed countries and  
13 areas, into the factors affecting the relative success and costs  
14 of development activities, and into the means, techniques,  
15 and such other aspects of development assistance as he may  
16 determine, in order to render such assistance of increasing  
17 value and benefit.

18 SEC. 242. AUTHORIZATION.—There is hereby author-  
19 ized to be appropriated to the President for use beginning  
20 in the fiscal year 1962 to carry out the purposes of this title  
21 not to exceed \$20,000,000, which shall remain available  
22 until expended.

1 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND  
2 PROGRAMS

3        SEC. 301. GENERAL AUTHORITY.—(a) The President  
4 is authorized to make voluntary contributions on a grant  
5 basis to international organizations and to programs admin-  
6 istered by such organizations on such terms and conditions  
7 as he may determine, in order to further the purposes of  
8 this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

24 SEC. 302. AUTHORIZATION.—There is hereby author-



1 ized to be appropriated to the President for use, in addition to  
2 funds available under any other Act for such purposes, be-  
3 ginning in the fiscal year 1962 to carry out the purposes of  
4 this chapter not to exceed \$153,000,000, which shall re-  
5 main available until expended.

6 SEC. 303. INDUS BASIN DEVELOPMENT.—Funds made  
7 available under this Act (other than part II) to be used by  
8 or under the supervision of the International Bank for Re-  
9 construction and Development in furtherance of the develop-  
10 ment of the Indus Basin through the program of cooperation  
11 among South Asian and other nations of the free world,  
12 which is designed to promote economic growth and political  
13 stability in South Asia, may be used in accordance with  
14 requirements, standards, or procedures established by the  
15 Bank concerning completion of plans and cost estimates and  
16 determination of feasibility, rather than with requirements,  
17 standards, or procedures concerning such matters set forth  
18 in this or other Acts; and such funds may also be used with-  
19 out regard to the provisions of section 901 (b) of the Mer-  
20 chant Marine Act of 1936, as amended (46 U.S.C. 1241),  
21 whenever the President determines that such provisions can-  
22 not be fully satisfied without seriously impeding or prevent-  
23 ing accomplishment of the purposes of such programs:  
24 *Provided*, That compensating allowances are made in the

1 administration of other programs to the same or other areas  
2 to which the requirements of said section 901 (b) are ap-  
3 plicable.

4 CHAPTER 4—SUPPORTING ASSISTANCE

5 SEC. 401. GENERAL AUTHORITY.—The President is au-  
6 thorized to furnish assistance on such terms and conditions as  
7 he may determine, in order to support or promote economic  
8 or political stability.

9 SEC. 402. AUTHORIZATION.—There is hereby author-  
10 ized to be appropriated to the President for use beginning in  
11 the fiscal year 1962 to carry out the purposes of this chapter  
12 not to exceed \$581,000,000, which shall remain available  
13 until expended.

14 CHAPTER 5—CONTINGENCY FUND

15 SEC. 451. CONTINGENCY FUND.—(a) There is hereby  
16 authorized to be appropriated to the President for the fiscal  
17 year 1962 not to exceed \$500,000,000 for use by the Presi-  
18 dent for assistance authorized by part I in accordance with  
19 the provisions applicable to the furnishing of such assistance,  
20 when he determines such use to be important to the national  
21 interest.

22 (b) The President shall keep the appropriate com-  
23 mittees of the Congress currently informed of the use of  
24 funds under this section.



## PART II

## CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance to countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress recognizes that the peace of the world

1 and the security of the United States are endangered so  
2 long as international communism and the countries it con-  
3 trols continue by threat of military action, by the use of  
4 economic pressure, and by internal subversion, or other  
5 means to attempt to bring under their domination peoples  
6 now free and independent and continue to deny the rights  
7 of freedom and self-government to peoples and countries once  
8 free but now subject to such domination.

9 In enacting this legislation, it is therefore the intention  
10 of the Congress to promote the peace of the world and the  
11 foreign policy, security, and general welfare of the United  
12 States by fostering an improved climate of political inde-  
13 pendence and individual liberty, improving the ability of  
14 countries and international organizations to deter or, if neces-  
15 sary, defeat Communist or Communist-supported aggression,  
16 facilitating arrangements for individual and collective securi-  
17 ty, assisting countries to maintain internal security, and creat-  
18 ing an environment of security and stability in the developing  
19 countries essential to their more rapid social, economic, and  
20 political progress. Finally, the Congress urges that all other  
21 countries able to contribute join in a common undertaking  
22 to meet the goals stated in this part.

23 CHAPTER 2—MILITARY ASSISTANCE

24 SEC. 503. GENERAL AUTHORITY.—The President is au-  
25 thorized to furnish military assistance on such terms and con-



1   ditions as he may determine, to any country or international  
2   organization, the assisting of which the President finds to be  
3   in the national interest, by—

4           (a) acquiring from any source and providing (by  
5   loan, lease, sale, exchange, grant, or any other means)  
6   any defense article or defense service;

7           (b) making financial contributions to multilateral  
8   programs for the acquisition or construction of facilities  
9   in foreign countries for collective defense;

10          (c) providing such other financial assistance as may  
11   be necessary to carry out this part, including expenses  
12   incident to participation by the United States Govern-  
13   ment in regional or collective defense organizations; and

14          (d) assigning or detailing members of the Armed  
15   Forces of the United States and other personnel of the  
16   Department of Defense solely to assist in an advisory  
17   capacity or to perform other duties of a noncombatant  
18   nature, including those related to training or advice.

19   SEC. 504. AUTHORIZATION.—There is hereby author-  
20   ized to be appropriated to the President such sums as may  
21   be necessary from time to time to carry out the purposes of  
22   this part, which sums shall remain available until expended.

23   SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-  
24   tary assistance to any country shall be furnished solely for

1 internal security, for legitimate self-defense, to permit the re-  
2 cipient country to participate in regional or collective ar-  
3 rangements or measures consistent with the Charter of the  
4 United Nations, or otherwise to permit the recipient country  
5 to participate in collective measures requested by the United  
6 Nations for the purpose of maintaining or restoring interna-  
7 tional peace and security.

8 (b) To the extent feasible and consistent with the other  
9 purposes of this part, the use of military forces in less de-  
10 veloped countries in the construction of public works and  
11 other activities helpful to economic development shall be  
12 encouraged.

13 SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to  
14 such other provisions as the President may require, no de-  
15 fense articles or defense services shall be furnished to any  
16 country unless it shall have agreed that—

17 (a) It will not, without the consent of the President—

18 (1) permit any use of such articles or services by  
19 anyone not an officer, employee, or agent of that country,

20 (2) transfer or divulge, or permit any officer, em-  
21 ployee, or agent of that country to transfer or divulge,  
22 such articles or services, as the case may be, by gift,  
23 sale, or otherwise, or

24 (3) use or permit the use of such articles or serv-  
25 ices for purposes other than those for which furnished;



1 (b) It will maintain the security of such articles or  
2 services, and will provide substantially the same degree of  
3 security protection afforded to such articles or services by  
4 the United States Government;

5 (c) It will, as the President may require, permit ob-  
6 servation and review by, and furnish necessary information  
7 to, representatives of the United States Government with  
8 regard to the use of such articles and services, other than  
9 those acquired by purchase or exchange; and

10 (d) Unless the President consents to other disposition,  
11 it will return to the United States Government for such use  
12 or disposition as the President considers in the best interests  
13 of the United States, such articles, other than those acquired  
14 by purchase or exchange, which are no longer needed for  
15 the purposes for which furnished.

16 SEC. 507. SALES.—(a) The President may furnish de-  
17 fense articles from the stocks of the Department of Defense  
18 and defense services to any country or international organi-  
19 zation, without reimbursement from funds made available  
20 for use under this part, if such country or international  
21 organization agrees to pay the value thereof in United States  
22 dollars. Payment shall be made in advance or, as determined  
23 by the President to be in the best interests of the United  
24 States, within a reasonable period not to exceed three years  
25 after the delivery of the defense articles, or the provision of

1 the defense services. For the purposes of this subsection,  
2 the value of excess defense articles shall be not less than  
3 (i) the value specified in section 644 (m) (1) plus the scrap  
4 value, or (ii) the market value, if ascertainable, whichever  
5 is the greater.

6 (b) The President may, without requirement for charge  
7 to any appropriation or contract authorization otherwise pro-  
8 vided, enter into contracts for the procurement of defense  
9 articles or defense services for sale to any country or inter-  
10 national organization if such country or international organi-  
11 zation provides the United States Government with a de-  
12 pendable undertaking (i) to pay the full amount of such  
13 contract which will assure the United States Government  
14 against any loss on the contract, and (ii) to make funds  
15 available in such amounts and at such times as may be re-  
16 quired to meet the payments required by the contract, and  
17 any damages and costs that may accrue from the cancellation  
18 of such contract, in advance of the time such payments,  
19 damages, or costs are due.

20 SEC. 508. REIMBURSEMENTS.—Whenever funds made  
21 available for use under this part are used to furnish military  
22 assistance on cash or credit terms, United States dollar re-  
23 payments, including dollar proceeds derived from the sale  
24 to any agency of the United States Government or program  
25 of foreign currency repayments, shall be credited to the cur-



1 rent applicable appropriation, and shall be available until  
2 expended solely for the purpose of furnishing further mili-  
3 tary assistance on cash or credit terms, and, notwithstanding  
4 any provision of law relating to receipts and credits accruing  
5 to the United States Government, repayments in foreign  
6 currency may be used to carry out this part.

7 SEC. 509. EXCHANGES.—Defense articles or defense  
8 services transferred to the United States Government by a  
9 country or international organization as payment for assist-  
10 ance furnished under this part may be used to carry out this  
11 part, or may be disposed of or transferred to any agency of  
12 the United States Government for stockpiling or other pur-  
13 poses. If such disposal or transfer is made subject to reim-  
14 bursement, the funds so received shall be credited to the  
15 appropriation, fund, or account funding the cost of the  
16 assistance furnished or to any appropriation, fund, or account  
17 currently available for the same general purpose.

18 SEC. 510. SPECIAL AUTHORITY.—(a) The President  
19 may, if he determines it to be vital to the security of the  
20 United States, order defense articles from the stocks of the  
21 Department of Defense and defense services for the purposes  
22 of part II, subject to subsequent reimbursement therefor  
23 from subsequent appropriations available for military assist-  
24 ance. The value of such orders under this subsection in any  
25 fiscal year shall not exceed \$400,000,000. Prompt notice of

1 action taken under this subsection shall be given to the Com-  
2 mittees on Foreign Relations, Appropriations, and Armed  
3 Services of the Senate and the Speaker of the House of  
4 Representatives.

5 (b) The Department of Defense is authorized to incur,  
6 in applicable appropriations, obligations in anticipation of  
7 reimbursements in amounts equivalent to the value of such  
8 orders under subsection (a) of this section. Appropriations  
9 to the President of such sums as may be necessary to reim-  
10 burse the applicable appropriation, fund, or account for such  
11 orders are hereby authorized.

## 12 PART III

### 13 CHAPTER 1—GENERAL PROVISIONS

14 SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE  
15 AND PRIVATE PARTICIPATION.—(a) The Congress of the  
16 United States recognizes the vital role of free enterprise in  
17 achieving rising levels of production and standards of living  
18 essential to economic progress and development. Accord-  
19 ingly, it is declared to be the policy of the United States  
20 to encourage the efforts of other countries to increase the  
21 flow of international trade, to foster private initiative and  
22 competition, to discourage monopolistic practices, to im-  
23 prove the technical efficiency of their industry, agriculture,  
24 and commerce, and to strengthen free labor unions; and to  
25 encourage the contribution of United States enterprise to-



1 ward economic strength of less-developed countries, through  
2 private trade and investment abroad, private participation  
3 in programs carried out under this Act (including the use of  
4 private trade channels to the maximum extent practicable  
5 in carrying out such programs), and exchange of ideas and  
6 technical information on the matters covered by this sub-  
7 section.

8 (b) In order to encourage and facilitate participation  
9 by private enterprise to the maximum extent practicable in  
10 achieving any of the purposes of this Act, the President  
11 shall—

12 (1) make arrangements to find, and draw the at-  
13 tention of private enterprise to, opportunities for invest-  
14 ment and development in less-developed countries and  
15 areas;

16 (2) accelerate a program of negotiating treaties for  
17 commerce and trade, including tax treaties, which shall  
18 include provisions to encourage and facilitate the flow of  
19 private investment to, and its equitable treatment in,  
20 countries and areas participating in programs under this  
21 Act; and

22 (3) seek, consistent with the national interest, com-  
23 pliance by other countries or areas with all treaties for  
24 commerce and trade and taxes, and take all reasonable  
25 measures under this Act or other authority to secure

1 compliance therewith and to assist United States citi-  
2 zens in obtaining just compensation for losses sustained  
3 by them or payments exacted from them as a result of  
4 measures taken or imposed by any country or area  
5 thereof in violation of any such treaty.

6 SEC. 602. SMALL BUSINESS.—Insofar as practicable  
7 and to the maximum extent consistent with the accomplish-  
8 ment of the purposes of this Act, the President shall assist  
9 American small business to participate equitably in the fur-  
10 nishing of commodities, defense articles, and services (in-  
11 cluding defense services) financed with funds made available  
12 under this Act—

13 (1) by causing to be made available to suppliers in  
14 the United States, and particularly to small independent  
15 enterprises, information, as far in advance as possible,  
16 with respect to purchases proposed to be financed with  
17 such funds;

18 (2) by causing to be made available to prospective  
19 purchasers in the countries and areas receiving assist-  
20 ance under this Act information as to such commodities,  
21 articles, services produced by small independent enter-  
22 prises in the United States; and

23 (3) by providing for additional services to give  
24 small business better opportunities to participate in the



furnishing of such commodities, articles, and services  
financed with such funds.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

The ocean transportation of commodities and defense articles  
purchased with foreign currencies made available or derived  
from funds made available under this Act or the Agricultural  
Trade Development and Assistance Act of 1954, as amended  
(7 U.S.C. 1961 et seq.) and transfers of fresh fruit and  
products thereof under this Act, shall not be governed by the  
provisions of section 901 (b) of the Merchant Marine Act  
of 1936, as amended (46 U.S.C. 1241), or any other law  
relating to the ocean transportation of commodities on United  
States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available  
under this Act may be used for procurement outside the  
United States unless the President determines that such pro-  
curement will result in adverse effects upon the economy of  
the United States or the industrial mobilization base, with  
special reference to any areas of labor surplus or to the net  
position of the United States in its balance of trade with  
the rest of the world, which outweigh the economic or other  
advantages to the United States of less costly procurement  
outside the United States.

1       (b) No funds made available under this Act shall be  
2 used for the purchase in bulk of any commodities at prices  
3 higher than the market price prevailing in the United States  
4 at the time of purchase, adjusted for differences in the cost  
5 of transportation to destination, quality, and terms of pay-  
6 ment.

7       (c) In providing for the procurement of any surplus  
8 agricultural commodity for transfer by grant under this Act  
9 to any recipient in accordance with its requirements, the  
10 President shall, insofar as practicable and where in further-  
11 ance of the purposes of this Act, authorize the procurement  
12 of such surplus agricultural commodity only within the  
13 United States except to the extent that such surplus agricul-  
14 tural commodity is not available in the United States in  
15 sufficient quantities to supply the requirements of recipients  
16 under this Act.

17       SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any  
18 commodities and defense articles procured to carry out this  
19 Act shall be retained by, or upon reimbursement, trans-  
20 ferred to, and for the use of, such agency of the United  
21 States Government as the President may determine in lieu  
22 of being disposed of to a foreign country or international  
23 organization, whenever in the judgment of the President the  
24 best interests of the United States will be served thereby.  
25 Any commodities or defense articles so retained may be



1 disposed of without regard to provisions of law relating to  
2 the disposal of property owned by the United States Govern-  
3 ment, when necessary to prevent spoilage or wastage of such  
4 commodities or defense articles or to conserve the usefulness  
5 thereof. Funds realized from any disposal or transfer shall  
6 revert to the respective appropriation, fund, or account used  
7 to procure such commodities or defense articles or to the  
8 appropriation, fund, or account currently available for the  
9 same general purpose.

10 (b) Whenever commodities are transferred to the United  
11 States Government as repayment of assistance under this  
12 Act, such commodities may be used in furtherance of the  
13 purposes of this Act.

14 SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

15 (a) Whenever, in connection with the furnishing of assist-  
16 ance under this Act—

17 (1) an invention or discovery covered by a patent  
18 issued by the United States Government is practiced  
19 within the United States without the authorization of  
20 the owner, or

21 (2) information, which is (i) protected by law,  
22 and (ii) held by the United States Government subject  
23 to restrictions imposed by the owner, is disclosed by  
24 the United States Government or any of its officers, em-  
25 ployees, or agents in violation of such restrictions.

1 the exclusive remedy of the owner, except as provided in  
2 subsection (b) of this section, is to sue the United States  
3 Government for reasonable and entire compensation for such  
4 practice or disclosure in the district court of the United  
5 States for the district in which such owner is a resident, or  
6 in the Court of Claims within six years after the cause of  
7 action arises. Any period during which the United States  
8 Government is in possession of a written claim under sub-  
9 section (b) of this section before mailing a notice of denial  
10 of that claim does not count in computing the six years. In  
11 any such suit, the United States Government may plead any  
12 defense that may be pleaded by a private person in such an  
13 action. The last paragraph of section 1498 (a) of title 28 of  
14 the United States Code shall apply to inventions and in-  
15 formation covered by this section.

16 (b) Before suit against the United States Government  
17 has been instituted, the head of the agency of the United  
18 States Government concerned may settle and pay any claim  
19 arising under the circumstances described in subsection (a)  
20 of this section. No claim may be paid under this subsection  
21 unless the amount tendered is accepted by the claimant in  
22 full satisfaction.

23 SEC. 607. FURNISHING OF SERVICES AND COMMODI-  
24 TIES.—Whenever the President determines it to be in fur-  
25 therance of the purposes of part I, any agency of the United



1 States Government is authorized to furnish services and com-  
2 modities on an advance-of-funds or reimbursement basis to  
3 nations, international organizations, the American Red Cross,  
4 and voluntary nonprofit relief agencies registered with and  
5 approved by the Advisory Committee on Voluntary Foreign  
6 Aid. Such advances or reimbursements which are received  
7 under this section within one hundred and eighty days after  
8 the close of the fiscal year in which such services and com-  
9 modities are delivered, may be credited to the current ap-  
10 plicable appropriation, account, or fund of the agency con-  
11 cerned and shall be available for the purposes for which such  
12 appropriation, account, or fund is authorized to be used.

13 SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—The  
14 President is authorized to maintain in a separate account,  
15 which shall, notwithstanding section 1210 of the General  
16 Appropriation Act, 1951 (64 Stat. 765), be free from fiscal  
17 year limitation, \$5,000,000 of funds made available under  
18 section 212, which may be used to pay costs of acquisition,  
19 storage, renovation and rehabilitation, packing, crating,  
20 handling, transportation, and related costs of property classi-  
21 fied as domestic and foreign excess property pursuant to the  
22 Federal Property and Administrative Services Act of 1949,  
23 as amended (40 U.S.C. 471 et seq.), and other property, in  
24 advance of known requirements therefor for use in further-  
25 ance of the purposes of part I. Property acquired pursuant

1 to the preceding sentence may be furnished (i) pursuant to  
2 any provision of part I for which funds are authorized for  
3 the furnishing of assistance, in which case the separate ac-  
4 count established pursuant to this section shall be repaid from  
5 funds made available for such provision for all costs incur-  
6 red, or (ii) pursuant to section 607, in which case such  
7 separate account shall be repaid in accordance with the pro-  
8 visions of that section for all costs incurred.

9       SEC. 609. TRANSFER OF STOCKPILE AND OTHER MA-  
10 TERIALS.—(a) Upon request from the agency primarily re-  
11 sponsible for administering part I, specified amounts of  
12 designated materials in the categories described in para-  
13 graphs (1) and (2) below may be transferred to that  
14 agency for use pursuant to the provisions of Part I without  
15 reimbursement (except for costs incident to such transfer,  
16 which shall be paid or reimbursed from funds available under  
17 part I) : *Provided*, That it has been determined in accord-  
18 ance with the laws referred to in paragraphs (1) and (2)  
19 below that such amounts are not required for the national  
20 security and that their transfer is not inconsistent with the  
21 national interest:

22               (1) materials held for United States Government  
23 use or resale pursuant to section 303 (a) of the Defense  
24 Production Act of 1950, as amended (50 U.S.C. app.  
25 2093 (a) ), and



(2) materials held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98 et seq.), and materials held in the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)).

(b) Materials described in subsection (a) of this section may be used to pay in kind costs of providing through normal commercial channels for the refining or processing of other such materials to be transferred under that subsection into a form better suited for use pursuant to the provisions of part I. Such refining or processing may take place either before or after the transfer to the agency primarily responsible for administering part I.

(c) In the case of transfers or other uses pursuant to this section of materials described in paragraph (1) of subsection (a) of this section, notes payable to the Secretary of the Treasury and issued pursuant to section 304(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2094(b)), which represent the acquisition costs of such materials, shall be canceled.

(d) Materials described in paragraph (2) of subsection (a) of this section shall not be transferred pursuant to this section until sixty days after the submission to the Congress

1 and publication in the Federal Register of a plan of transfer  
2 which shall be fixed with due regard for the value of the  
3 transfer in furthering the purposes of part I and for the  
4 protection of producers, processors, and consumers against  
5 serious disruption of their usual markets, and which shall  
6 state the amounts of materials involved. Such materials  
7 shall be transferred only if the Congress shall not have dis-  
8 approved such plan before the termination of such sixty day  
9 period.

10 SEC. 610. TRANSFER BETWEEN ACCOUNTS.—When-  
11 ever the President determines it to be necessary for the  
12 purposes of this Act, not to exceed 10 per centum of the  
13 funds made available for any provision of this Act may be  
14 transferred to, and consolidated with, the funds made avail-  
15 able for any other provision of this Act, and may be used  
16 for any of the purposes for which such funds may be used,  
17 except that the total in the provision for the benefit of which  
18 the transfer is made shall not be increased by more than  
19 20 per centum of the amount of funds made available for  
20 such provision.

21 SEC. 611. COMPLETION OF PLANS AND COST ESTI-  
22 MATES.—(a) No agreement or grant which constitutes an  
23 obligation of the United States Government in excess of  
24 \$100,000 under section 1311 of the Supplemental Appropri-  
25 ation Act, 1955, as amended (31 U.S.C. 200), shall be



1 made for any assistance authorized under titles I and II  
2 of chapter 2 and chapter 4 of part I—

3 (1) if such agreement or grant requires substantive  
4 technical or financial planning, until engineering, finan-  
5 cial, and other plans necessary to carry out such assist-  
6 ance, and a reasonably firm estimate of the cost to the  
7 United States Government of providing such assist-  
8 ance, have been completed; and

9 (2) if such agreement or grant requires legislative  
10 action within the recipient country, unless such legis-  
11 lative action may reasonably be anticipated to be com-  
12 pleted in time to permit the orderly accomplishment of  
13 the purposes of such agreement or grant.

14 (b) Plans required under subsection (a) of this section  
15 for any water or related land resource construction project  
16 or program shall include a computation of benefits and costs  
17 made insofar as practicable in accordance with the procedures  
18 set forth in circular A-47 of the Bureau of the Budget with  
19 respect to such computations.

20 (c) To the maximum extent practicable, all contracts for  
21 construction outside the United States made in connection  
22 with any agreement or grant subject to subsection (a) of  
23 this section shall be made on a competitive basis.

24 (d) Subsection (a) of this section shall not apply to

1 any assistance furnished for the sole purpose of preparation  
2 of engineering, financial, and other plans.

3 SEC. 612. USE OF FOREIGN CURRENCIES.—Except as  
4 otherwise provided in this Act or other Acts, foreign cur-  
5 rencies received either (1) as a result of the furnishing of  
6 nonmilitary assistance under the Mutual Security Act of  
7 1954, as amended, or any Act repealed thereby, and unob-  
8 ligated on the date prior to the effective date of this Act, or  
9 (2) on or after the effective date of this Act, as a result of  
10 the furnishing of nonmilitary assistance under the Mutual  
11 Security Act of 1954, as amended, or any Act repealed  
12 thereby, or (3) as a result of the furnishing of assistance  
13 under part I, may be sold by the Secretary of the Treasury  
14 to agencies of the United States Government for payment  
15 of their obligations outside the United States, and the United  
16 States dollars received as reimbursement shall be deposited  
17 into miscellaneous receipts of the Treasury. Foreign cur-  
18 rencies so received which are in excess of the requirements  
19 of the United States Government in payment of its obliga-  
20 tions outside the United States, as such requirements may be  
21 determined from time to time by the President, may be used,  
22 notwithstanding any law relating to receipts and credits ac-  
23 cruing to the United States Government, for programs of  
24 assistance in furtherance of the purposes of part I.

25 SEC. 613. SPECIAL AUTHORITIES.—(a) The President



1 may authorize in each fiscal year the use of funds made avail-  
2 able for use under this Act and the furnishing of assistance  
3 under section 510 in a total amount not to exceed \$250,-  
4 000,000, without regard to the requirements of this Act,  
5 any Act appropriating funds for use under this Act, or the  
6 Mutual Defense Assistance Control Act of 1951 (22 U.S.C.  
7 1611 et seq.), in furtherance of any of the purposes of such  
8 Acts, when the President determines that such authorization  
9 is required by the national interest.

10 (b) Whenever the President determines it to be impor-  
11 tant to the national interest, he may use funds available for  
12 the purposes of chapter 4 of part I in order to meet the re-  
13 sponsibilities or objectives of the United States in Germany,  
14 including West Berlin, and without regard to such provisions  
15 of law as he determines should be disregarded to achieve  
16 this purpose.

17 (c) The President is authorized to use amounts not to  
18 exceed \$50,000,000 of the funds made available under this  
19 Act pursuant to his certification that it is inadvisable to  
20 specify the nature of the use of such funds, which certifica-  
21 tion shall be deemed to be a sufficient voucher for such  
22 amounts.

23 SEC. 614. CONTRACT AUTHORITY.—Provisions of this  
24 Act authorizing the appropriation of funds shall be construed

1 to authorize the granting in any appropriation Act of author-  
2 ity to enter into contracts, within the amounts so authorized  
3 to be appropriated, creating obligations in advance of  
4 appropriations.

5 SEC. 615. AVAILABILITY OF FUNDS.—Except as other-  
6 wise provided in this Act, funds shall be available to carry  
7 out the provisions of this Act as authorized and appropriated  
8 to the President each fiscal year.

9 SEC. 616. TERMINATION OF ASSISTANCE.—Assistance  
10 under any provision of this Act may, unless sooner termi-  
11 nated by the President, be terminated by Act of the Con-  
12 gress. Funds made available under this Act shall remain  
13 available for a period not to exceed twelve months from the  
14 date of termination of assistance under this Act for the neces-  
15 sary expenses of winding up programs related thereto.

16 CHAPTER 2—ADMINISTRATIVE PROVISIONS

17 SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-  
18 dent may exercise any functions conferred upon him by this  
19 Act through such agency or officer of the United States  
20 Government as he shall direct. The head of any such agency  
21 or such officer may from time to time promulgate such rules  
22 and regulations as may be necessary to carry out such func-  
23 tions, and may delegate authority to perform any such func-  
24 tions, including, if he shall so specify, the authority succes-  
25 sively to redelegate any of such functions, to any of his  
26 subordinates.



1       (b) Notwithstanding the provisions of section 642 (a) ,  
2 the Development Loan Fund, the International Cooperation  
3 Administration, and the Office of the Inspector General and  
4 Comptroller shall continue in existence for a period not to  
5 exceed sixty days after the effective date of this Act, unless  
6 sooner abolished by the President. There shall continue  
7 to be available to each such agency and office during such  
8 period the respective functions, offices, personnel, property,  
9 records, funds, and assets which were available thereto on  
10 the date prior to the effective date of this Act.

11       (c) On the date of the abolition of the Development  
12 Loan Fund, the President shall designate an officer or head  
13 of an agency of the United States Government carrying out  
14 functions under part I to whom shall be transferred, and  
15 who shall accept and assume, the assets, obligations, liabilities,  
16 and rights established or acquired for the benefit of,  
17 or with respect to, the fund as of the date of abolition and  
18 not otherwise disposed of by this Act. In addition, on such  
19 date the President shall designate such officer or head of  
20 agency as the person to be sued in the event of default in  
21 the fulfillment of the obligations of the fund, and shall transfer  
22 to such officer or head of agency such offices, entities,  
23 functions, personnel, property, and records of the fund as  
24 may be necessary.

25       (d) On the date of the abolition of the International

1 Cooperation Administration and the Office of the Inspector  
2 General and Comptroller, the President shall transfer to an  
3 officer or head of an agency of the United States Govern-  
4 ment carrying out functions under part I such offices, en-  
5 tities, functions, personnel, property, records, and funds of  
6 such agency and office, not otherwise disposed of by this  
7 Act, as may be necessary.

8 SEC. 622. STATUTORY OFFICERS.—(a) The President  
9 may appoint, by and with the advice and consent of the  
10 Senate, twelve officers in the agency primarily responsible for  
11 administering part I, of whom—

12 (1) one shall have the rank of an Under Secretary  
13 and shall be compensated at a rate not to exceed the rate  
14 authorized by law for any Under Secretary of an execu-  
15 tive department;

16 (2) two shall have the rank of Deputy Under Sec-  
17 retaries and shall be compensated at a rate not to exceed  
18 the rate authorized by law for any Deputy Under Sec-  
19 retary of an executive department; and

20 (3) nine shall have the rank of Assistant Secre-  
21 taries and shall be compensated at a rate not to exceed  
22 the rate authorized by law for any Assistant Secretary  
23 of an executive department.

24 (b) Within the limitations established by subsection (a)  
25 of this section, the President may fix the rate of compensa-



1 tion, and may designate the title of, any officer appointed pur-  
2 suant to the authority contained in that subsection. The  
3 President may also fix the order of succession among the offi-  
4 cers provided for in paragraphs (2) and (3) of subsection  
5 (a) of this section in the event of the absence, death, resig-  
6 nation, or disability of the officers provided for in paragraphs  
7 (1) and (2) of that subsection.

8 (c) Any person who was appointed, by and with the  
9 advice and consent of the Senate, to any statutory position  
10 authorized by any provision of law repealed by section  
11 642 (a) may be appointed by the President to a position  
12 authorized by subsection (a) of this section without further  
13 action by the Senate.

14 (d) Notwithstanding the provisions of section 642  
15 (a) (1) and 642 (a) (2), any person who, on the date  
16 prior to the effective date of this Act, held an office or a  
17 position authorized pursuant to sections 205 (b), 527 (b),  
18 and 533A of the Mutual Security Act of 1954, as amended,  
19 and Reorganization Plan Numbered 7 of 1953, may con-  
20 tinue to hold such office or position, subject to the discretion  
21 of the head of the agency primarily responsible for admin-  
22 istering part I, for a period of not more than sixty days  
23 following the effective date of this Act.

24 SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any  
25 agency or officer of the United States Government carrying

1 out functions under this Act is authorized to employ such  
2 personnel as the President deems necessary to carry out  
3 the provisions and purposes of this Act.

4 (b) Of the personnel employed in the United States  
5 to carry out part I or coordinate part I and part II, not to  
6 exceed eighty-five may be appointed, compensated, and re-  
7 moved without regard to the provisions of any law, of whom  
8 not to exceed sixty may be compensated at rates higher  
9 than those provided for grade 15 of the general schedule  
10 established by the Classification Act of 1949, as amended  
11 (5 U.S.C. 1071 et seq.), and of these, not to exceed ten may  
12 be compensated at a rate in excess of the highest rate pro-  
13 vided for grades of such general schedule but not in excess  
14 of \$19,000 per year: *Provided*, That persons appointed to  
15 serve in the agency primarily responsible for administering  
16 part I or in the agency responsible for coordinating part I  
17 and part II, who have served in such agency prior to ap-  
18 pointment to one of the above positions shall be entitled to  
19 reinstatement in such agency to the position occupied at the  
20 time of appointment or to a position of comparable grade and  
21 salary. Such positions shall be in addition to those author-  
22 ized by law to be filled by Presidential appointment, and  
23 in addition to the number authorized by section 505 of the  
24 Classification Act of 1949, as amended.

25 (c) Of the personnel employed in the United States to



1 carry out part II, not to exceed twelve may be compensated  
2 at rates higher than those provided for grade 15 of the gen-  
3 eral schedule established by the Classification Act of 1949,  
4 as amended, and of these, not to exceed three may be com-  
5 pensated at a rate in excess of the highest rate provided for  
6 grades of such general schedule but not in excess of \$19,000  
7 per year. Such positions shall be in addition to those author-  
8 ized by law to be filled by Presidential appointment, and in  
9 addition to the number authorized by section 505 of the  
10 Classification Act of 1949, as amended.

11 (d) For the purpose of performing functions under this  
12 Act outside the United States the President may—

13 (1) employ or assign persons, or authorize the em-  
14 ployment or assignment of officers or employees of  
15 agencies of the United States Government, who shall  
16 receive compensation at any of the rates provided for  
17 the Foreign Service Reserve and Staff by the Foreign  
18 Service Act of 1946, as amended (22 U.S.C. 801 et  
19 seq.), together with allowances and benefits thereunder;  
20 and persons so employed or assigned shall be entitled,  
21 except to the extent that the President may specify  
22 otherwise in cases in which the period of employment or  
23 assignment exceeds thirty months, to the same benefits  
24 as are provided by section 528 of that Act for persons

1 appointed to the Foreign Service Reserve, and the pro-  
2 visions of section 1005 of that Act shall apply in the  
3 case of such persons, except that policymaking officials  
4 shall not be subject to that part of section 1005 of that  
5 Act which prohibits political tests; and

6 (2) utilize such authority, including authority to ap-  
7 point and assign personnel for the duration of operations  
8 under this Act, contained in the Foreign Service Act of  
9 1946, as amended, as the President deems necessary to carry  
10 out functions under this Act; and such provisions of the  
11 Foreign Service Act of 1946, as amended, as the President  
12 deems appropriate shall apply to personnel appointed or  
13 assigned under this paragraph, including in all cases, the  
14 provisions of section 528 of that Act: *Provided, however,*  
15 That the President may by regulation make exceptions to  
16 the application of section 528 in cases in which the period  
17 of the appointment or assignment exceeds thirty months:  
18 *Provided further,* That Foreign Service Reserve officers  
19 appointed or assigned pursuant to this paragraph shall re-  
20 ceive within-class salary increases in accordance with such  
21 regulations as the President may prescribe: *Provided*  
22 *further,* That under this paragraph the President may  
23 initially assign personnel for duty within the United States  
24 for periods not to exceed four years prior to assignment  
25 outside the United States.



1       (e) The President is authorized to prescribe by regu-  
2 lation standards or other criteria for maintaining adequate  
3 performance levels for personnel appointed or assigned pur-  
4 suant to paragraph (2) of subsection (d) of this section and  
5 section 527 (c) (2) of the Mutual Security Act of 1954, as  
6 amended, and may, notwithstanding any other law, separate  
7 employees who fail to meet such standards or other criteria,  
8 and also may grant such personnel severance benefits of one  
9 month's salary for each year's service, but not to exceed  
10 one year's salary at the then current salary rate of such  
11 personnel.

12       (f) Agreements with foreign countries providing for the  
13 use of funds made available under this Act for programs of  
14 assistance may include provision for the furnishing of services  
15 of personnel employed by the United States Government.

16       SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OF-  
17 FICERS.—(a) Experts and consultants or organizations  
18 thereof may, as authorized by section 15 of the Act of  
19 August 2, 1946, as amended (5 U.S.C. 55a), be employed  
20 for the performance of functions under this Act, and in-  
21 dividuals so employed may be compensated at rates not in  
22 excess of \$75 per diem, and while away from their homes or  
23 regular places of business, they may be paid actual travel ex-  
24 penses and per diem in lieu of subsistence at the applicable  
25 rate prescribed in the standardized Government travel regu-

1 lations, as amended from time to time. Contracts for such  
2 employment with such organizations, for employment of per-  
3 sonnel as experts and consultants, not to exceed ten in num-  
4 ber, contracts for such employment of retired military per-  
5 sonnel with specialized research and development experience,  
6 not to exceed ten in number, and contracts for such employ-  
7 ment of retired military personnel with specialized experi-  
8 ence of a broad politico-military nature, not to exceed five  
9 in number, may be renewed annually.

10 (b) Service of an individual as an expert or consultant  
11 under subsection (a) of this section shall not be considered  
12 as service or employment bringing such individual within  
13 the provisions of sections 281, 283, or 284 of title 18 of the  
14 United States Code, or of section 190 of the Revised Statutes  
15 (5 U.S.C. 99), or of any other Federal law imposing re-  
16 strictions, requirements, or penalties in relation to the em-  
17 ployment of persons, the performance of services, or the  
18 payment or receipt of compensation in connection with any  
19 claim, proceeding, or matter involving the United States  
20 Government, except insofar as such provisions of law may  
21 prohibit any such individual from receiving compensation in  
22 respect of any particular matter in which such individual was  
23 directly involved in the performance of such service. Nor  
24 shall such service be considered as employment or holding  
25 of office or position bringing such individual within the pro-



visions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710 (b) of the Defense Production Act of 1950, as amended (50 U.S.C. app. 2160 (b)), and regulations issued thereunder.

SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to

1 detail or assign any officer or employee of his agency to any  
2 office or position with any foreign government or foreign  
3 government agency, where acceptance of such office or posi-  
4 tion does not involve the taking of an oath of allegiance to  
5 another government or the acceptance of compensation or  
6 other benefits from any foreign country by such officer or  
7 employee.

8       SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL  
9 ORGANIZATIONS.—Whenever the President determines it to  
10 be in furtherance of the purposes of this Act, the head of any  
11 agency of the United States Government is authorized to  
12 detail, assign, or otherwise make available to any interna-  
13 tional organization any officer or employee of his agency to  
14 serve with, or as a member of, the international staff of such  
15 organization, or to render any technical, scientific, or pro-  
16 fessional advice or service to, or in cooperation with, such  
17 organization.

18       SEC. 627. STATUS OF PERSONNEL DETAILED.—(a)  
19 Any officer or employee, while assigned or detailed under  
20 section 625 or 626 of this Act, shall be considered, for the  
21 purpose of preserving his allowances, privileges, rights,  
22 seniority, and other benefits as such, an officer or employee  
23 of the United States Government and of the agency of the  
24 United States Government from which detailed or assigned,  
25 and he shall continue to receive compensation, allowances,



1 and benefits from funds appropriated to that agency or made  
2 available to that agency under this Act.

3 (b) Any officer or employee assigned or detailed under  
4 sections 625, 626, or 629 of this Act is authorized to  
5 receive under such regulations as the President may pre-  
6 scribe, representation allowances similar to those allowed  
7 under section 901 of the Foreign Service Act of 1946, as  
8 amended (22 U.S.C. 1131). The authorization of such  
9 allowances and other benefits and the payment thereof out  
10 of any appropriations available therefor shall be considered  
11 as meeting all the requirements of section 1765 of the  
12 Revised Statutes (5 U.S.C. 70).

13 SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—De-  
14 tails or assignments may be made under section 625 or 626  
15 of this Act or section 408 of the Mutual Security Act of  
16 1954, as amended—

17 (1) without reimbursement to the United States  
18 Government by the foreign government or international  
19 organization;

20 (2) upon agreement by the foreign government or  
21 international organization to reimburse the United States  
22 Government for compensation, travel expenses, and  
23 allowances, or any part thereof, payable to the officer  
24 or employee concerned during the period of assignment  
25 or detail; and such reimbursements (including foreign

1        currencies) shall be credited to the appropriation, fund,  
2        or account utilized for paying such compensation, travel  
3        expenses, or allowances, or to the appropriation, fund,  
4        or account currently available for such purposes;

5            (3) upon an advance of funds, property, or services  
6        by the foreign government or international organization  
7        to the United States Government accepted with the  
8        approval of the President for specified uses in furtherance  
9        of the purposes of this Act; and funds so advanced may  
10       be established as a separate fund in the Treasury of the  
11       United States Government, to be available for the speci-  
12       fied uses, and to be used for reimbursement of appropria-  
13       tions or direct expenditure subject to the provisions of  
14       this Act, any unexpended balance of such account to be  
15       returned to the foreign government or international  
16       organization; or

17            (4) subject to the receipt by the United States  
18        Government of a credit to be applied against the pay-  
19        ment by the United States Government of its share of  
20        the expenses of the international organization to which  
21        the officer or employee is detailed or assigned, such credit  
22        to be based upon the compensation, travel expenses, and  
23        allowances, or any part thereof, payable to such officer  
24        or employee during the period of detail or assignment  
25        in accordance with section 627.



1        SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The  
2 President may maintain special missions or staffs outside  
3 the United States in such countries and for such periods  
4 of time as may be necessary to carry out the purposes of this  
5 Act. Each such special mission or staff shall be under the  
6 direction of a chief.

7        (b) The chief and his deputy of each special mission  
8 or staff carrying out the purposes of part I shall be appointed  
9 by the President, and may, notwithstanding any other law,  
10 be removed by the President at his discretion. Such chief  
11 shall be entitled to receive (1) in cases approved by the  
12 President, the same compensation and allowances as a chief  
13 of mission, class 3, or a chief of mission, class 4, within the  
14 meaning of the Foreign Service Act of 1946, as amended, or  
15 (2) compensation and allowances in accordance with sec-  
16 tion 623 (d), as the President shall determine to be appro-  
17 priate.

18        SEC. 630. JOINT COMMISSION ON RURAL RECON-  
19 STRUCTION IN CHINA.—The President is authorized to con-  
20 tinue to participate in the Joint Commission on Rural Recon-  
21 struction in China, and to appoint United States citizens to  
22 the Commission.

23        SEC. 631. ALLOCATION AND REIMBURSEMENT AMONG  
24 AGENCIES.—(a) The President may allocate or transfer to  
25 any agency of the United States Government any part of any

1 funds available for carrying out the purposes of this Act, in-  
2 cluding any advance to the United States Government by  
3 any country or international organization for the procure-  
4 ment of commodities, defense articles, or services (including  
5 defense services). Such funds shall be available for obliga-  
6 tion and expenditure for the purposes for which authorized,  
7 in accordance with authority granted in this Act or under  
8 authority governing the activities of the agencies of the  
9 United States Government to which such funds are allocated  
10 or transferred.

11 (b) Any officer of the United States Government carry-  
12 ing out functions under this Act may utilize the services and  
13 facilities of, or procure commodities and defense articles from,  
14 any agency of the United States Government as the Presi-  
15 dent shall direct, or with the consent of the head of such  
16 agency, and funds allocated pursuant to this subsection to  
17 any such agency may be established in separate appropria-  
18 tion accounts on the books of the Treasury.

19 (c) In the case of any commodity, service, or facility  
20 procured from any agency of the United States Government  
21 to carry out part I, reimbursement or payment, when re-  
22 quired, shall be made to such agency from funds available  
23 to carry out such part. Such reimbursement or payment  
24 shall be at replacement cost, or, if required by law, at actual



1 cost, or at any other price authorized by law and agreed to  
2 by the owning or disposing agency. The amount of any  
3 such reimbursement or payment shall be credited to current  
4 applicable appropriations, funds, or accounts, from which  
5 there may be procured replacements of similar commodities,  
6 services, or facilities, except that where such appropriations,  
7 funds, or accounts are not reimbursable except by reason of  
8 this subsection, and when the owning or disposing agency  
9 determines that such replacement is not necessary, any funds  
10 received in payment therefor shall be deposited into the  
11 Treasury as miscellaneous receipts.

12 (d) Except as otherwise provided in sections 507 and  
13 510, reimbursement shall be made to any United States  
14 Government agency, from funds available for use under  
15 part II, for any assistance furnished under part II from,  
16 by, or through such agency. Such reimbursement shall be  
17 in an amount equal to the value (as defined in section  
18 644 (m) ) of the defense articles or of the defense services  
19 (other than salaries of members of the Armed Forces of  
20 the United States), or other assistance furnished, plus ex-  
21 penses arising from or incident to operations under part II.  
22 The amount of such reimbursement shall be credited to the  
23 current applicable appropriations, funds, or accounts of such  
24 agency.

1       (e) In furnishing assistance under this Act, accounts  
2 may be established on the books of any agency of the United  
3 States Government or, on terms and conditions approved by  
4 the Secretary of the Treasury, in banking institutions in the  
5 United States, (i) against which letters of commitment may  
6 be issued which shall constitute recordable obligations of the  
7 United States Government, and moneys due or to become  
8 due under such letters of commitment shall be assignable  
9 under the Assignment of Claims Act of 1940, as amended  
10 (second and third paragraphs of 31 U.S.C. 203 and 41  
11 U.S.C. 15), and (ii) from which disbursements may be  
12 made to, or withdrawals may be made by, recipient coun-  
13 tries or agencies, organizations, or persons upon presentation  
14 of contracts, invoices, or other appropriate documentation.  
15 Expenditure of funds which have been made available  
16 through accounts so established shall be accounted for on  
17 standard documentation required for expenditure of funds of  
18 the United States Government: *Provided*, That such ex-  
19 penditures for commodities, defense articles, services (includ-  
20 ing defense services), or facilities procured outside the  
21 United States may be accounted for exclusively on such  
22 certification as may be prescribed in regulations approved  
23 by the Comptroller General of the United States.

24       (f) Credits made by the Export-Import Bank of Wash-  
25 ington with funds allocated thereto under subsection (a) of  
26 this section or under section 522(a) of the Mutual Security



1 Act of 1954, as amended, shall not be considered in deter-  
2 mining whether the Bank has outstanding at any one time  
3 loans and guaranties to the extent of the limitation imposed  
4 by section 7 of the Export-Import Bank Act of 1945, as  
5 amended (12 U.S.C. 635e).

6 (g) Any appropriation or account available to carry  
7 out provisions of part I may initially be charged in any fiscal  
8 year, within the limit of available funds, to finance expenses  
9 for which funds are available in other appropriations or ac-  
10 counts under part I: *Provided*, That as of the end of such  
11 fiscal year such expenses shall be finally charged to ap-  
12 plicable appropriations or accounts with proper credit to the  
13 appropriations or accounts initially utilized for financing pur-  
14 poses: *Provided further*, That such final charge to applicable  
15 appropriations or accounts shall not be required in the case  
16 of expenses (other than those provided for under section  
17 636) incurred in furnishing assistance by the agency prima-  
18 rily responsible for administering part I where it is deter-  
19 mined that the accounting costs of identifying the applicable  
20 appropriation or account to which such expenses should be  
21 charged would be disproportionate to the advantages to be  
22 gained.

23 SEC. 632. WAIVERS OF CERTAIN LAWS.—(a) When-  
24 ever the President determines it to be in furtherance of the  
25 purposes of this Act, the functions authorized under this

1 Act may be performed without regard to such provisions of  
2 law (other than the Renegotiation Act of 1951 as amended  
3 (50 U.S.C. App. 1211 et seq.)), regulating the making,  
4 performance, amendment, or modification of contracts and  
5 the expenditure of funds of the United States Government  
6 as the President may specify.

7 (b) The functions authorized under part II may be  
8 performed without regard to such provisions as the President  
9 may specify of the joint resolution of November 4, 1939  
10 (54 Stat. 4), as amended.

11 (c) Notwithstanding the provisions of sections 3544 (b)  
12 and 8544 (b) of title 10 of the United States Code, per-  
13 sonnel of the Department of Defense may be assigned or de-  
14 tailed to any civil office to carry out this Act.

15 SEC. 633. REPORTS AND INFORMATION.—(a) The  
16 President shall, while funds made available for the purposes  
17 of this Act remain available for obligation, transmit to the  
18 Congress after the close of each fiscal year a report concern-  
19 ing operations in that fiscal year under this Act.

20 (b) The President shall, in the reports required by sub-  
21 section (a) of this section, and in response to requests from  
22 Members of the Congress or inquiries from the public, make  
23 public all information concerning operations under this Act  
24 not deemed by him to be incompatible with the public  
25 interest.



1       (c) None of the funds made available pursuant to the  
2 provisions of part I shall be used to carry out any provision  
3 of part I in any country or with respect to any project or  
4 activity, after the expiration of the thirty-five day period  
5 which begins on the date the General Accounting Office or  
6 any committee of the Congress, or any duly authorized sub-  
7 committee thereof, charged with considering legislation, ap-  
8 propriations, or expenditures under this Act, has delivered  
9 to the office of the head of any agency carrying out such  
10 provision, a written request that it be furnished any docu-  
11 ment, paper, communication, audit, review, finding, recom-  
12 mendation, report, or other material in its custody or control  
13 relating to the administration of such provision in such coun-  
14 try or with respect to such project or activity, unless and  
15 until there has been furnished to the General Accounting  
16 Office, or to such committee or subcommittee, as the case  
17 may be, (1) the document, paper, communication, audit,  
18 review, finding, recommendation, report, or other material  
19 so requested, or (2) a certification by the President that  
20 he has forbidden the furnishing thereof pursuant to such re-  
21 quest and his reason for so doing.

22       (d) After the close of each fiscal year, the President  
23 shall notify the Committee on Foreign Relations and the  
24 Committee on Appropriations of the Senate and the Speaker  
25 of the House of Representatives of all actions taken during

1 such fiscal year under this Act which resulted in furnishing  
2 assistance of a kind, for a purpose, or to an area, substan-  
3 tially different from that included in the presentation to the  
4 Congress during its consideration of this Act or any Act ap-  
5 propriating funds pursuant to authorizations contained in this  
6 Act, or which resulted in obligations or reservations greater  
7 by 50 per centum or more than the proposed obligations or  
8 reservations included in such presentation for the program  
9 concerned, and in his notification the President shall state  
10 the justification for such changes. In addition, the President  
11 shall promptly notify the Committee on Foreign Relations  
12 and the Committee on Appropriations of the Senate and the  
13 Speaker of the House of Representatives of any determina-  
14 tion under section 303, 610, 613 (a), or 613 (b).

15 SEC. 634. GENERAL AUTHORITIES.—(a) Except as  
16 otherwise specifically provided in this Act, assistance under  
17 this Act may be furnished on a grant basis or on such terms,  
18 including cash, credit, or other terms of repayment (includ-  
19 ing repayment in foreign currencies or by transfer to the  
20 United States Government of commodities) as may be de-  
21 termined to be best suited to the achievement of the purposes  
22 of this Act.

23 (b) Except as otherwise specifically provided in this  
24 Act, the President may make advances and grants to, make  
25 and perform agreements and contracts with, or enter into



1 other transactions with, any individual, corporation, or other  
2 body of persons, government or government agency, whether  
3 within or without the United States, and international organ-  
4 izations in furtherance of the purposes of this Act.

5 (c) The President may accept and use in furtherance of  
6 the purposes of this Act money, funds, property, and services  
7 of any kind made available by gift, devise, bequest, grant,  
8 or otherwise for such purpose.

9 (d) Any agency of the United States Government is  
10 authorized to pay the cost of health and accident insurance  
11 for foreign participants in any program of furnishing tech-  
12 nical information and assistance administered by such  
13 agency while such participants are absent from their homes  
14 for the purpose of participation in such program.

15 (e) Alien participants in any program of furnishing  
16 technical information and assistance under this Act may be  
17 admitted to the United States if otherwise qualified as non-  
18 immigrants under section 101 (a) (15) of the Immigration  
19 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15) ),  
20 for such time and under such conditions as may be prescribed  
21 by regulations promulgated by the Secretary of State and the  
22 Attorney General.

23 (f) In making loans under this Act, the President—

24 (1) may issue letters of credit and letters of com-  
25 mitment;

1           (2) may collect or compromise any obligations  
2           assigned to, or held by, and any legal or equitable rights  
3           accruing to, him, and, as he may determine, refer  
4           any such obligations or rights to the Attorney General  
5           for suit or collection;

6           (3) may acquire and dispose of, upon such terms  
7           and conditions as he may determine, any property,  
8           including any instrument evidencing indebtedness or  
9           ownership, and guarantee payment against any such  
10          instrument;

11          (4) may determine the character of, and necessity  
12          for, obligations and expenditures of funds used in mak-  
13          ing such loans and the manner in which they shall be  
14          incurred, allowed, and paid, subject to provisions of  
15          law specifically applicable to corporations of the United  
16          States Government; and

17          (5) shall cause to be maintained an integral set of  
18          accounts which shall be audited by the General Account-  
19          ing Office in accordance with principles and procedures  
20          applicable to commercial corporate transactions as pro-  
21          vided by the Government Corporation Control Act, as  
22          amended (31 U.S.C. 841 et seq.), and no other audit  
23          shall be required.

24          (g) A contract or agreement which entails commit-  
25          ments for the expenditure of funds made available under



1 titles II and V of chapter 2 of part I and under part II may,  
2 subject to any future action of the Congress, extend at any  
3 time for not more than five years.

4 (h) Claims arising as a result of operations under this  
5 Act may be settled, and disputes arising as a result thereof  
6 may be arbitrated, on such terms and conditions as the Pres-  
7 ident may direct. Payment made pursuant to any such set-  
8 tlement, or as a result of an arbitration award, shall be final  
9 and conclusive notwithstanding any other provision of law.

10 (i) The provisions of section 955 of title 18 of the  
11 United States Code shall not apply to prevent any person,  
12 including any individual, partnership, corporation, or associa-  
13 tion, from acting for, or participating in, any operation or  
14 transaction arising under this Act, or from acquiring any  
15 obligation issued in connection with any operation or trans-  
16 action arising under this Act.

17 SEC. 635. PROVISIONS ON USES OF FUNDS.—

18 (a) Appropriations for the purposes of or pursuant to  
19 this Act (except for part II), allocations to any agency of  
20 the United States Government, from other appropriations,  
21 for functions directly related to the purposes of this Act, and  
22 funds made available for other purposes to the agency pri-  
23 marily responsible for administering part I, shall be available  
24 for—

25 (1) rent of buildings and space in buildings in the

1 United States, and for repair, alteration, and improve-  
2 ment of such leased properties, without regard to the  
3 limitation contained in section 322 of Public Law 72-  
4 212, as amended (40 U.S.C. 278a) ;

5 (2) expenses of attendance at meetings concerned  
6 with the purposes of such appropriations or of this Act,  
7 including (notwithstanding the provisions of section 9  
8 of Public Law 60-328 (31 U.S.C. 673) ) expenses in  
9 connection with meetings of persons whose employment  
10 is authorized by section 624;

11 (3) contracting with individuals for personal serv-  
12 ices abroad: *Provided*, That such individuals shall not  
13 be regarded as employees of the United States Govern-  
14 ment for the purpose of any law administered by the  
15 Civil Service Commission or any other law;

16 (4) purchase, maintenance, operation, and hire of  
17 aircraft: *Provided*, That aircraft for administrative pur-  
18 poses may be purchased only as specifically provided for  
19 in an appropriation or other Act;

20 (5) purchase and hire of passenger motor vehicles:  
21 *Provided*, That, except as may otherwise be provided in  
22 an appropriation or other Act, passenger motor vehicles  
23 outside the United States for administrative purposes  
24 may be purchased for replacement only, and such  
25 vehicles may be exchanged or sold and replaced by an



1 equal number of such vehicles, and the cost, including  
2 exchange allowance, of each such replacement shall not  
3 exceed \$3,500 in the case of an automobile for the chief  
4 of any special mission or staff outside the United States  
5 established under section 629: *Provided further*, That  
6 passenger motor vehicles, other than for the official use  
7 (without regard to the limitations contained in section 5  
8 of Public Law 63-127, as amended (5 U.S.C. 78  
9 (c) (2) ) and section 201 of Public Law 85-468 (5  
10 U.S.C. 78a-1) ) of the head of the agency primarily re-  
11 sponsible for administering part I, may be purchased  
12 for use in the United States only as may be specifically  
13 provided in an appropriation or other Act;

14 (6) entertainment (not to exceed \$25,000 in any  
15 fiscal year except as may otherwise be provided in an  
16 appropriation or other Act) ;

17 (7) exchange of funds without regard to section  
18 3651 of the Revised Statutes (31 U.S.C. 543) and loss  
19 by exchange;

20 (8) expenditures (not to exceed \$50,000 in any  
21 fiscal year except as may otherwise be provided in an  
22 appropriation or other Act) of a confidential character  
23 other than entertainment: *Provided*, That a certificate  
24 of the amount of each such expenditure, the nature of  
25 which it is considered inadvisable to specify, shall be

1       made by the head of the agency primarily responsible  
2       for administering part I or such person as he may design-  
3       nate, and every such certificate shall be deemed a suf-  
4       ficient voucher for the amount therein specified;

5           (9) insurance of official motor vehicles or aircraft  
6       acquired for use in foreign countries;

7           (10) rent or lease outside the United States for  
8       not to exceed ten years of offices, buildings, grounds,  
9       and quarters, including living quarters to house person-  
10      nel, and payments therefor in advance; maintenance,  
11      furnishings, necessary repairs, improvements, and alter-  
12      ations to properties owned or rented by the United  
13      States Government or made available for use to the  
14      United States Government outside the United States;  
15      and costs of fuel, water, and utilities for such properties;

16          (11) expenses of preparing and transporting to their  
17      former homes, or, with respect to foreign participants  
18      engaged in any program under part I, to their former  
19      homes or places of burial, and of care and disposition of,  
20      the remains of persons or members of the families of  
21      persons who may die while such persons are away from  
22      their homes participating in activities carried out with  
23      funds covered by this subsection;

24          (12) purchase of uniforms;

25          (13) payment of per diem in lieu of subsistence to



foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of employees of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty employees in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may

1 not be completed during the same fiscal year, and cost  
2 of transporting to and from a place of storage, and the  
3 cost of storing automobiles of such personnel when it is  
4 in the public interest or more economical to authorize  
5 storage.

6 (b) Funds made available for the purposes of this Act  
7 may be used for compensation, allowances, and travel of  
8 personnel, including Foreign Service personnel whose serv-  
9 ices are utilized primarily for the purposes of this Act, for  
10 printing and binding without regard to the provisions of  
11 any other law, and for expenditures outside the United States  
12 for the procurement of supplies and services and for other  
13 administrative and operating purposes (other than compen-  
14 sation of personnel) without regard to such laws and regula-  
15 tions governing the obligation and expenditure of funds of  
16 the United States Government as may be necessary to ac-  
17 complish the purposes of this Act.

18 (c) Notwithstanding any other law, funds available for  
19 assistance under this Act (other than title I of chapter 2 of  
20 part I) may be used in any fiscal year (in addition to funds  
21 available for such use under other authorities in this Act)  
22 to construct or otherwise acquire outside the United States  
23 (i) living quarters, office space, and necessary supporting  
24 facilities for use of personnel carrying out activities author-  
25 ized by this Act, and (ii) schools (including dormitories



1 and boarding facilities) and hospitals for use of personnel  
2 carrying out activities authorized by this Act, United States  
3 Government personnel, and their dependents. In addition,  
4 funds made available for assistance under this Act (other  
5 than title I of chapter 2 of part I) may be used, notwith-  
6 standing any other law, to equip, staff, operate, and maintain  
7 such schools and hospitals.

8 (d) Not to exceed \$1,500,000 of the funds available for  
9 assistance under this Act (other than title I of chapter 2 of  
10 part I) may be used in any fiscal year to provide assistance,  
11 on such terms and conditions as are deemed appropriate, to  
12 schools established, or to be established, outside the United  
13 States whenever it is determined that such action would be  
14 more economical or would best serve the interests of the  
15 United States in providing for the education of dependents  
16 of personnel carrying out activities authorized by this Act  
17 and dependents of United States Government personnel, in  
18 lieu of acquisition or construction pursuant to subsection (c)  
19 of this section.

20 (e) Funds available under this Act (other than title I  
21 of chapter 2 of part I) may be used to pay costs of training  
22 United States citizen personnel employed or assigned pur-  
23 suant to section 623 (d) (2) (through interchange or other-  
24 wise) at any State or local unit of government, public or  
25 private nonprofit institution, trade, labor, agricultural, or

1 scientific association or organization, or commercial firm; and  
2 the provisions of Public Law 84-918 (7 U.S.C. 1881 et  
3 seq.) may be used to carry out the foregoing authority not-  
4 withstanding that interchange of personnel may not be in-  
5 volved or that the training may not take place at the institu-  
6 tions specified in that Act. Such training shall not be con-  
7 sidered employment or holding of office under section 2 of the  
8 Act of July 31, 1894, as amended (5 U.S.C. 62), and any  
9 payments or contributions in connection therewith may, as  
10 deemed appropriate by the head of the agency of the United  
11 States Government authorizing such training, be made by  
12 private or public sources and be accepted by any trainee, or  
13 may be accepted by and credited to the current applicable  
14 appropriation of such agency: *Provided, however,* That any  
15 such payments to an employee in the nature of compensa-  
16 tion shall be in lieu, or in reduction, of compensation received  
17 from the United States Government.

18 (f) Funds made available under section 212 may be  
19 used for expenses (other than those provided for under sec-  
20 tion 636) to assist in carrying out functions under title I of  
21 chapter 2 of part I, under the Agricultural Trade Develop-  
22 ment and Assistance Act of 1954, as amended (7 U.S.C.  
23 1691 et seq.), and under the Act to Provide for Assistance  
24 in the Development of Latin America and in the Recon-  
25 struction of Chile, and for other purposes (22 U.S.C. 1942



1 et seq.) performed by the agent primarily responsible for  
2 administering part I.

3 (g) Funds made available for the purposes of part II  
4 shall be available for—

5 (1) administrative, extraordinary, and operating  
6 expenses;

7 (2) reimbursement of actual expenses of military  
8 officers detailed or assigned as tour directors in connec-  
9 tion with orientation visits of foreign military personnel,  
10 in accordance with the provisions of section 3 of the  
11 Travel Expense Act of 1949, as amended (5 U.S.C.  
12 836), applicable to civilian officers and employees; and

13 (3) construction, maintenance, repair, alteration,  
14 and furnishing of United States-owned facilities in the  
15 District of Columbia or elsewhere for the training of  
16 foreign military personnel, without regard to the pro-  
17 visions of section 3733 of the Revised Statutes (41  
18 U.S.C. 12) or other provision of law requiring a specific  
19 authorization or specific appropriation for such public  
20 contracts.

21 SEC. 636. ADMINISTRATIVE EXPENSES.—There is here-  
22 by authorized to be appropriated to the President for the  
23 fiscal year 1962 not to exceed \$51,000,000 for necessary  
24 administrative expenses of the agency primarily responsible  
25 for administering part I incident to carrying out the provi-

1 sions of part I, and to exercising functions under the Agri-  
2 cultural Trade Development and Assistance Act of 1954, as  
3 amended (7 U.S.C. 1691 et seq.), and under the Act to  
4 provide for assistance in the development of Latin America  
5 and in the reconstruction of Chile, and for other purposes  
6 (22 U.S.C. 1942 et seq.).

7 CHAPTER 3—MISCELLANEOUS PROVISIONS

8 SEC. 641. EFFECTIVE DATE.—This Act shall take effect  
9 on the date of its enactment.

10 SEC. 642. STATUTES REPEALED.—(a) There are here-  
11 by repealed—

12 (1) Reorganization Plan Numbered 7 of 1953;

13 (2) the Mutual Security Act of 1954, as amended  
14 (except sections 402, 405 (a), 405 (c), 405 (d), 408,  
15 414, 417, 502, and 523 (d) );

16 (3) section 12 of the Mutual Security Act of 1955;

17 (4) sections 12, 13, and 14 of the Mutual Security  
18 Act of 1956;

19 (5) section 503 of the Mutual Security Act of  
20 1958;

21 (6) section 108 of the Mutual Security Appropria-  
22 tion Act, 1959;

23 (7) section 501 (a), chapter VI, and sections 702  
24 and 703 of the Mutual Security Act of 1959, as  
25 amended;



(8) section 604 and chapter VIII of the Mutual Security Act of 1960; and

(9) section 7307 (b) of title 10 of the United States Code.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642 (a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642 (a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

1       (c) Funds made available pursuant to provisions of  
2 law repealed by section 642 (a) (2) shall, unless otherwise  
3 authorized or provided by law, remain available for their  
4 original purposes in accordance with the provisions of law  
5 originally applicable thereto, or in accordance with the pro-  
6 visions of law currently applicable to those purposes.

7       (d) No provision of this Act shall affect, or be deemed  
8 to affect, except as the President may determine, the agency  
9 within the Department of State known as the Peace Corps,  
10 nor any of the functions, offices, personnel, property, records,  
11 and funds available thereto on the date prior to the effective  
12 date of this Act, pending the enactment of legislation for the  
13 Peace Corps or the adjournment of the first session of the  
14 Eighty-seventh Congress, whichever is earlier.

15       SEC. 644. DEFINITIONS.—As used in this Act—

16       (a) “Agency of the United States Government” in-  
17 cludes any agency, department, board, wholly or partly  
18 owned corporation, instrumentality, commission, or estab-  
19 lishment of the United States Government.

20       (b) “Armed Forces” of the United States means the  
21 Army, Navy, Air Force, Marine Corps, and Coast Guard.

22       (c) “Commodity” includes any material, article, sup-  
23 ply, goods, or equipment used for the purposes of furnish-  
24 ing nonmilitary assistance.

1 (d) "Defense article" includes—

2 (1) any weapon, weapons system, munition, air-  
3 craft, vessel, boat, or other implement of war;

4 (2) any property, installation, commodity, mate-  
5 rial, equipment, supply, or goods used for the purposes  
6 of furnishing military assistance;

7 (3) any machinery, facility, tool, material, supply,  
8 or other item necessary for the manufacture, production,  
9 processing, repair, servicing, storage, construction, trans-  
10 portation, operation, or use of any article listed in this  
11 subsection; or

12 (4) any component or part of any article listed in  
13 this subsection; but

14 shall not include merchant vessels or, as defined by the  
15 Atomic Energy Act of 1954, as amended (42 U.S.C.  
16 2011), source material, byproduct material, special nuclear  
17 material, or atomic weapons.

18 (e) "Defense information" includes any document, writ-  
19 ing, sketch, photograph, plan, model, specification, design,  
20 prototype, or other recorded or oral information relating to  
21 any defense article or defense service, but shall not include  
22 Restricted Data and formerly Restricted Data as defined  
23 by the Atomic Energy Act of 1954, as amended.

24 (f) "Defense service" includes any service, test, in-



1   specification, repair, training, training aid, publication, or tech-  
2   nical or other assistance, including the transfer of limited  
3   quantities of defense articles for test, evaluation, or stand-  
4   ardization purposes, or defense information used for the  
5   purposes of furnishing military assistance.

6       (g) “Excess defense articles” mean the quantity of  
7   defense articles owned by the United States Government  
8   which is in excess of the mobilization reserve.

9       (h) “Function” includes any duty, obligation, power,  
10   authority, responsibility, right, privilege, discretion, or  
11   activity.

12       (i) “Mobilization reserve” means the quantity of de-  
13   fense articles determined to be required, under regulations  
14   prescribed by the President, to support mobilization of the  
15   Armed Forces of the United States Government in the event  
16   of war or national emergency.

17       (j) “Officer or employee” means civilian personnel and  
18   members of the Armed Forces of the United States Govern-  
19   ment.

20       (k) “Services” include any service, repair, training of  
21   personnel, or technical or other assistance or information used  
22   for the purposes of furnishing nonmilitary assistance.

23       (l) “Surplus agricultural commodity” means any agri-  
24   culture commodity or product thereof, class, kind, type, or  
25   other specification thereof, produced in the United States,

1 either publicly or privately owned, which is in excess of  
2 domestic requirements, adequate carryover, and anticipated  
3 exports for United States dollars, as determined by the Sec-  
4 retary of Agriculture.

5 (m) "Value" means—

6 (1) with respect to excess defense articles, the gross  
7 cost incurred by the United States Government in re-  
8 pairing, rehabilitating, or modifying such articles; and

9 (2) with respect to nonexcess defense articles the  
10 price obtaining for transfers of such articles between the  
11 Armed Forces of the United States Government, or,  
12 where such articles are not transferred between the  
13 Armed Forces of the United States, the gross cost to  
14 the United States Government adjusted as appropriate  
15 for condition and market value.

16 SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-  
17 ances of funds made available pursuant to the Mutual Se-  
18 curity Act of 1954, as amended, are hereby authorized to be  
19 continued available for the general purposes for which ap-  
20 propriated, and may at any time be consolidated, and, in ad-  
21 dition, may be consolidated with appropriations made avail-  
22 able for the same general purposes under the authority of this  
23 Act.

24 SEC. 646. CONSTRUCTION.—If any provision of this  
25 Act or the application of any provision to any circumstances

1 or persons shall be held invalid, the validity of the remain-  
2 der of this Act and of the applicability of such provision to  
3 other circumstances or persons shall not be affected thereby.

4

## PART IV

5

SEC. 701. Section 203 of the Federal Property and Ad-  
6 ministrative Services Act of 1949, as amended (40 U.S.C.  
7 484), is amended by adding a new subsection (p) reading  
8 as follows:

9

“(p) In disposing of surplus property, the Administra-  
10 tor is authorized to accept payments in foreign currency,  
11 under regulations prescribed by the Administrator.”

12

SEC. 702. Section 1 of the Defense Base Act, as  
13 amended (42 U.S.C. 1651), is further amended as follows:

14

(1) In paragraph (5) of subsection (a), strike out  
15 “(other than title II of chapter II thereof)” and substitute  
16 “or any successor Act (other than a contract financed by  
17 loan repayable in United States dollars, unless the Secretary  
18 of Labor, upon the recommendation of the head of any de-  
19 partment or other agency of the United States, determines  
20 such contract should be covered by this section)”.

21

(2) In subsection (e) strike out “June 30, 1958, but  
22 not completed on July 24, 1959” and substitute therefor  
23 “but not completed on the date of enactment of any successor  
24 Act to the Mutual Security Act of 1954, as amended”.

25

SEC. 703. In paragraph (4) of section 101 (a) of the



1 War Hazards Compensation Act, as amended (42 U.S.C.  
2 1701), strike out “(other than title II of chapter II  
3 thereof)” and substitute therefor “or any successor Act  
4 (other than a contract financed by loan repayable in United  
5 States dollars unless the Secretary, upon the recommenda-  
6 tion of the head of any department or agency of the United  
7 States, determines such contract should be covered by this  
8 section)”.

9 SEC. 704. (a) Section 305 of the Mutual Defense As-  
10 sistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is  
11 amended to read as follows:

12 “SEC. 305. There is hereby authorized to be appropri-  
13 ated to the Department of State such sums as may be neces-  
14 sary from time to time to carry out the objectives of this  
15 Act.”

16 (b) The amendment to section 305 of the Mutual De-  
17 fense Assistance Control Act of 1951 affected by subsection  
18 (a) of this section shall not be deemed to affect the repeal  
19 of laws effected by that section prior to such amendment.

20 SEC. 705. Section 104(e) of the Agricultural Trade  
21 Development and Assistance Act of 1954, as amended (7  
22 U.S.C. 1704(e)), is amended by substituting “such agency  
23 as the President shall direct” and “agency” for “the Export-  
24 Import Bank” and “bank”, respectively.

25 SEC. 706. Section 5 of the joint resolution to promote

1 peace and stability in the Middle East (22 U.S.C. 1964)  
2 is amended by substituting "whenever appropriate" for  
3 "within the months of January and July of each year".

4 SEC. 707. Section 5 (f) of the International Health  
5 Research Act of 1960 (22 U.S.C. 2103 (f) ) is amended by  
6 adding a new final sentence "The President may delegate  
7 any authority vested in him by this section to such other offi-  
8 cer or head of agency of the United States Government as  
9 he deems appropriate."

10 SEC. 708. The Act to provide for assistance in the  
11 development of Latin America and in the reconstruction of  
12 Chile, and for other purposes (22 U.S.C. 1942 et seq.), is  
13 amended by adding a new section 4 reading as follows:

14 "GENERAL PROVISION

15 "SEC. 4. Funds appropriated under sections 2 and 3  
16 of this Act may be used for assistance under this Act pur-  
17 suant to such provisions applicable to the furnishing of such  
18 assistance contained in any successor Act to the Mutual Se-  
19 curity Act of 1954, as amended, as the President deter-  
20 mines to be necessary to carry out the purposes for which  
21 such funds are appropriated."





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# A BILL

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To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

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By Mr. MORGAN

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MAY 29, 1961

Referred to the Committee on Foreign Affairs







# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE  
(

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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HIGHLIGHTS: House passed housing bill. Rep. Michel criticized "secrecy" on certain REA loan applications. Senate subcommittee approved general Government matters-Commerce appropriation bill.

## SENATE

1. SURPLUS GRAIN. Passed as reported S. 614, to permit the States in emergency situations to obtain grain from CCC to prevent starvation of resident game birds and other resident wildlife. The bill includes a committee amendment to also authorize the Secretary of the Interior to obtain CCC grain to prevent starvation of migratory birds. p. 10271
2. PUBLIC LANDS. Passed without amendment H.R. 6422, to authorize an exchange of public lands (including land now a part of the Dixie National Forest) at the Cedar Breaks National Monument, Utah. This bill will now be sent to the President. pp. 10270-1
3. WATER POLLUTION. Passed with amendments H.R. 6441, to extend the authorization for grants to States and interstate agencies to assist them in meeting the costs of establishing and maintaining adequate water pollution control measures, after substituting the language of a similar bill, S. 120, as amended. Conferees were appointed. pp. 10265-7, 10272-82
3. GENERAL GOVERNMENT MATTERS AND COMMERCE APPROPRIATION BILL, 1962. A subcommittee of the Appropriations Committee approved for full committee consideration this bill, H.R. 7577. p. D494



4. TAXATION. Passed without amendment H. R. 7446, to provide a 1-year extension of existing corporate normal-tax and of certain excise-tax rates. This bill will now be sent to the President. pp. 10242, 10251-2, 10259-63
5. FEED GRAINS. Both Houses received from this Department a report on the 1961 feed grains program. pp. 10240, 10363
6. FOREIGN AID. Sen. Williams, Del., submitted an amendment he intends to propose to S. 1983, the foreign aid bill, which he stated would "designate the Secretary of the Treasury to have sole responsibility for accounting and evaluation with respect to all foreign currencies or credits owed to or owned by the United States." pp. 10267-8  
Sen. Fulbright inserted an article, "Handicaps of the Foreign Aid Proposal, and a letter from Secretary of the Treasury Dillon defending the President's proposal for authority to borrow funds from the Treasury over a 5-year period for the foreign aid program. pp. 10245-6
7. TEXTILE IMPORTS. Sen. Thurmond referred to a recent conference on international trade of textile products under the direction of George W. Ball, Under Secretary of State for Economic Affairs, and stated that "at this meeting, those of us in attendance learned what I had been suspecting for some time-namely, that instead of trying to decrease imports, Mr. Ball and his State Department trade "experts" are determined to increase imports, to the further detriment of the domestic textile industry and its thousands of jobs." pp. 10248-51
8. ADJOURNED until Mon., June 26. p. 10284
9. EDUCATIONAL EXCHANGES. As reported (see Digest 99) S. 1154, the proposed Mutual Educational and Cultural Exchange Act of 1961, continues authority for U. S. participation in international fairs and expositions and authorizes the President to reserve any foreign currencies acquired under Public Law 480, over such periods of time as he determines, and to use such foreign currencies within limits established by Congress, for educational and cultural exchanges. The committee report includes the following statement regarding the use of foreign currencies: "Under S. 1154, appropriations are authorized on an 'available until expended' basis, and there is reaffirmation that all sources of foreign currencies may be utilized, subject to appropriations. In addition, there are provisions which could stimulate less restricted use of such funds; for example, by employing U. S.-owned currencies of one foreign country in a 'third country.'"

HOUSE

10. HOUSING; FARM LOANS. By a vote of 235 to 178, passed with amendments H. R. 6028, the omnibus housing bill. Then passed a similar bill, S. 1922, substituting the language from H. R. 6028, as amended. House conferees were appointed. pp. 10288-312, 10313-51, A4685-6. (For provisions of interest to this Department, see Digest 95.)  
Agreed to amendments by Rep. Marshall to make the pay of committeemen comparable with that for other work which they perform in carrying out Farmers Home Administration activities, and to prohibit committee members from having any responsibility for appraisals. pp. 10342-3  
Rejected, 164 to 197, an amendment by Rep. McDonough authorizing a one-year housing program of more limited scope. pp. 10288-301
11. APPROPRIATIONS. The Appropriations Committee was granted until midnight tonight, Fri., June 23, to file a report on the defense appropriation bill. p. 10287



and of the State water pollution control agency and interstate agency, if any, of the State or States, if any, which may be adversely affected by such pollution. Whenever requested by the Governor of any State, the Surgeon General shall, if such request refers to pollution of navigable waters which is endangering the health or welfare of persons only in the requesting State in which the discharge or discharges (causing or contributing to such pollution) originates, give formal notification thereof to the water pollution control agency and interstate agency, if any, of the requesting State where such discharge or discharges originate and shall promptly call a conference of such agency or agencies and of the State water pollution control agency and interstate agency, if any, of the requesting State, unless, in the judgment of the Surgeon General, the effect of such pollution on the legitimate uses of the waters is not of such significance to warrant exercise of Federal jurisdiction under this section. The Surgeon General shall also call such a conference whenever, on the basis of reports, surveys, or studies, he has reason to believe that any pollution referred to in subsection (a) and endangering the health or welfare of persons in a State other than that in which the discharge or discharges originate is occurring."

(c) Paragraph (3)(A) of subsection (c) of such section is amended by striking out "interstate" and inserting in lieu thereof "navigable".

(d) Subsection (d) of such section is amended by striking out "persons in a State other than that in which the discharge originates" and insert in lieu thereof "any persons".

SEC. 6. Section 301(b) of the Water Supply Act of 1958 (72 Stat. 319), is amended by striking out all beginning with "Provided," in the first proviso to the colon at the end of the second proviso and inserting in lieu thereof the following: "Provided, That the cost of any construction or modification authorized under the provisions of this section shall be determined on the basis that all authorized purposes served by the project shall share equitably in the benefits of multiple purpose construction, as determined by the Secretary of the Army or the Secretary of the Interior, as the case may be: *Provided further*, That before construction or modification of any project including water supply provisions for present demand is initiated, State or local interests shall agree to pay for the cost of such provisions in accordance with the provisions of this section: *And provided further*, That not to exceed 30 per centum of the total estimated cost of any project may be allocated to anticipated future demands where State or local interests give reasonable assurances, and there is evidence, that such demands for the use of such storage will be made within a period of time which will permit paying out the costs allocated to water supply within the life of the project".

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ment to Senate bill 1983, the Mutual Security Act.

The purpose of the amendment is to require a greater degree of accountability on the part of the ICA and all the other agencies of the Government in regard to their expenditure of the counterpart funds and the various other foreign currencies which are in the possession of the U.S. Government. I was very much concerned to learn that under existing conditions there is no real accounting being made of these currencies. Much to my surprise, and I think to the surprise of most of the members of our committee, we found that there is at the moment no agency of Government, nor anyone connected with any agency of Government, who can with any degree of accuracy tell the President of the United States or Congress how many of these currencies we have on hand as of any given day.

For example, the report which the ICA sent to the Congress, giving the dollar equivalent of their holdings of foreign currencies as of the close of the fiscal year, June 30, 1959, showed that they had \$1,698,343,000 in dollar equivalents of foreign currencies on hand when they closed business on the night of June 30, 1959. However, when they opened up for business on the following day, the first day of the new fiscal year, July 1, 1959, the report showed they had on hand the dollar equivalent of \$1,344,440,000, or a drop of some \$300 million overnight.

First they attempted to explain this wide variation on the basis that there was a deference in the evaluation of these currencies and that they had re-evaluated them. However, I found in several instances that the currencies of the respective countries had not changed in valuation. Yet in the report to the Congress concerning these countries they lost several million dollars.

For example, Germany has had a staple currency; yet in their report ending June 30, 1959, they reported holdings with a dollar equivalent of \$33,541,000. The same agency's report—International Cooperation Administration—showed holdings of only \$29,443,000—a drop overnight of over \$4 million.

The German mark had not changed in value to account for this discrepancy.

The Treasury Department and Mr. Labouisse speaking for ICA finally admitted that their accounting systems were inadequate and that none of them knew what they had on hand. I am not saying that they cannot produce records to show what they have on hand in these currencies or what they have spent them for, but I do say that there is a wide discrepancy in the accounting systems of the agencies as they are now being reported to the Congress.

Another alarming situation which I found was that in one specific instance we have agencies of the Government operating in one country using five different exchange rates simultaneously. For example, in Yugoslavia, the exchange rates of the Yugoslav dinar were fixed at 300 to the dollar, 350, 475, 525, and 632 to the American dollar—all in one report.

And in one instance they used these exchange rates as high as 1,500 to a dollar.

The result is that none of them knew what they were doing. The Government could not get enough accountants to keep the records straight under such circumstances.

I emphasize again that I am not making any charges of impropriety, but a situation such as this is wide open for mismanagement and abuse. Certainly no one knows what they are doing. No agency with any degree of accuracy can handle these currencies in any country at four or five different exchange rates on the same day.

The amendment which I am introducing would designate the Secretary of the Treasury to have sole responsibility for accounting and evaluation with respect to all foreign currencies or credits owed to or owned by the United States. In order to carry out such responsibility the Secretary is instructed to issue regulations which would be binding upon all agencies of the Government.

The Secretary of the Treasury would have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies were to be used by all agencies of the Government.

Today each agency fixes its own exchange rate. That is why we have the situation of different agencies using different rates at the same time.

The amendment would give to the Secretary of the Treasury the responsibility to establish and fix all rates of exchange. If he wanted to change the exchange rates as the markets fluctuated he would have the authority to do so, but only he would have such authority. With all agencies using the same rates of exchange the chance for abuse would be reduced.

In addition, the amendment provides that each agency or department will be required to report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies on hand in each of the respective countries, and the Secretary of the Treasury is then instructed to consolidate these reports as of the same date and submit to the Congress this consolidated report, broken down by agencies, countries, and units of foreign currencies and their dollar equivalents. Thereafter, semiannually similar reports are to be submitted by the agencies to the Treasury Department and then a consolidated report submitted to the Congress by the Secretary of the Treasury.

Under the amendment the Comptroller General is instructed to audit this first Treasury Department's report being submitted as of June 30, 1961, and to report to the Congress his findings. Thereafter, the Comptroller General is given discretionary authority on the auditing of subsequent reports as they are filed by the various departments with the Congress.

This amendment is being offered to the mutual security bill, and I am hopeful that the committee will see fit to approve it.

#### AMENDMENT OF THE MUTUAL SECURITY ACT

Mr. WILLIAMS of Delaware. Mr. President, I send to the desk an amend-



For the last several months I have been trying to find out the status of these foreign currencies, how many we have on hand, and what we are doing with them. I have come to one conclusion. I cannot reconstruct their operations. I cannot find out what we have on hand or what they are worth. I have come to one further conclusion, and that is that nobody else in the Government knows how much we have on hand.

The disturbing part of it is that there is no real concern at the executive level to find out. In the last 5 years these foreign currencies have amounted, in dollar equivalent, to \$6¾ billion. We are supposed to have on hand, in dollar equivalent, somewhere between \$1½ billion and \$2 billion. Certainly, it is a sad state of affairs when Members of Congress or members of the committee must stand up and state that they cannot give within a few hundred million dollars the amount of these foreign currencies which we have on hand. This condition exists because of the loose bookkeeping practices of the agencies making the reports.

The Secretary of the Treasury and Mr. Labouisse, the Director of ICA, in testifying before the committee, acknowledged that their records are inadequate. They admit they do not have proper records. They also endorsed the enactment of a law which puts in the hands of the Secretary of the Treasury the responsibility to fix the rates at which the foreign currencies will be sold and bought by all agencies.

I do not mean to leave the impression that the language of this particular amendment has been endorsed by these agencies, but the principle of the need for placing in the hands of the Secretary of the Treasury such authority has been confirmed.

The language of the amendment which I am introducing here today is very necessary.

The American taxpayers are entitled to an accurate accounting by these agencies which spend their money.

Certainly, if the U.S. Government found the books of a taxpayer being kept in any such loose manner the Department of Justice would raise a howl.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred.

The amendment was referred to the Committee on Foreign Relations.

#### FORT VANCOUVER NATIONAL MONUMENT, WASH.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 403, H.R. 3283.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 3283) to revise the boundaries and to change the name of Fort Vancouver National Monument in the State of Washington, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement in regard to the purpose of the measure.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The principal purpose of H.R. 3283 is to permit the addition to the Fort Vancouver National Monument, Wash., of approximately 130 acres of land most of which is already in Federal ownership. H.R. 3283 will also redesignate the monument as the Fort Vancouver National Historic Site. Introduction was requested by the Department of the Interior in an executive communication dated January 12, 1961, and the request was confirmed by Secretary Stewart Udall in writing on March 3, 1961.

#### NEED

The act of June 19, 1948 (62 Stat. 532), by which Fort Vancouver was established as a national monument, limited to the monument area to 90 acres. Fort Vancouver was headquarters for trading operations of the Hudson's Bay Co. from 1829 to about 1850. It was also the site of an important Army post for many years.

The Interior Department has conducted further studies of Fort Vancouver and its immediate vicinity since 1948 and has concluded that there is need for the inclusion of additional lands within the monument boundaries if its purposes are to be fully served. The executive communication referred to above points up the need thus:

"Much of the historically significant land associated with the old fort lies outside the present monument boundary. This land in 1845 contained important facilities of the Hudson's Bay Co. such as residences, schools, a stable, and mill. In addition, a substantial portion of these lands lies between the old fort site and the Columbia River. To interpret successfully the historic features and scene of Fort Vancouver, it is essential that a clear view of the Columbia River be maintained, since the proximity of the river was a primary factor in the location of the fort at this point."

#### COST

All except 5 of the 130 acres covered by H.R. 3283 are already in Federal ownership and subject to transfer to National Park Service administration as they become excess to the needs of the agencies administering them. The other 5 acres are now within a highway right-of-way which may soon be abandoned. If this occurs it may be found that they are also in Federal ownership; if they are not so found, the cost of acquiring them will be very low.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 3283) was ordered to a third reading, was read the third time, and passed.

#### BLUE RIDGE PARKWAY, VA.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 405, H.R. 5475.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 5475) to transfer a section of Blue Ridge Parkway to the Shenandoah National Park, in the State of Virginia, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement in regard to the purpose of the measure.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The purpose of this bill is to transfer the administration of about 1,000 acres of land, some of which is owned in fee by the United States and some of which is covered by scenic easements held by the United States, from the Blue Ridge Parkway to the Shenandoah National Park, Va.

H.R. 5475 was introduced by Representative HARRISON of Virginia following the request that this be done contained in the executive communication from the Department of the Interior dated January 12, 1961. The request was affirmed by Secretary Udall in his letter dated March 3, 1961.

#### NEED

The committee was advised that enactment of H.R. 5475 will permit more effective and more efficient administration and protection of the lands to which it pertains than is now the case. The laws establishing the park and the parkway are such, the committee understands, that the transfer cannot be effected administratively.

#### COST

Enactment of H.R. 5475 will not entail any cost to the United States.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading and passage of the bill.

The bill (H.R. 5475) was ordered to a third reading, was read the third time, and passed.

#### SCOTTS BLUFF NATIONAL MONUMENT, NEBR.

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 406, H.R. 5760.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 5760) to revise the boundaries of the Scotts Bluff National Monument, Nebr., and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement in regard to the purpose of the measure.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

H.R. 5760, if enacted, will permit revision of the present boundaries of the Scotts Bluff National Monument to exclude certain lands from it and to include others within it. The net result of the revision will be a reduction in the size of the monument by somewhat more than 350 acres. The result will also be a reduced cost of acquiring private lands within its boundaries.



87<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1983

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IN THE SENATE OF THE UNITED STATES

JUNE 22, 1961

Referred to the Committee on Foreign Relations and ordered to be printed

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## AMENDMENT

Intended to be proposed by Mr. WILLIAMS of Delaware to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts towards economic and social development and internal and external security, and for other purposes, viz: At the appropriate place insert new sections which read as follows:

- 1        SEC.    . ACCOUNTING AND VALUATION.—Under the
- 2 direction of the President, the Secretary of the Treasury
- 3 shall have responsibility for accounting and valuation with
- 4 respect to foreign credits (including currencies) owed to
- 5 or owned by the United States. In order to carry out such
- 6 responsibility the Secretary shall issue regulations binding
- 7 upon all agencies of the Government.

1        SEC. . AUTHORITY TO ESTABLISH RATES.—The Sec-  
2        retary of the Treasury shall have sole authority to establish  
3        for all foreign currencies or credits the exchange rates at  
4        which such currencies are to be used by all agencies of the  
5        Government.

6        SEC. . REPORTING TO CONGRESS.—Each agency or  
7        department shall report to the Secretary of the Treasury an  
8        inventory as of June 30, 1961, showing the amount of all  
9        foreign currencies on hand in each of the respective countries,  
10       and the Secretary of the Treasury shall consolidate these re-  
11       ports as of the same date and submit to the Congress this con-  
12       solidated report broken down by agencies, by countries, by  
13       units of foreign currencies and their dollar equivalent. There-  
14       after, semiannually similar reports are to be submitted by  
15       the agencies to the Treasury Department and then presented  
16       to the Congress by the Secretary of the Treasury.

17       SEC. . AUDIT OF REPORTS.—The Comptroller General  
18       is instructed to audit this first Treasury Department's report  
19       as of June 30, 1961, and report to the Congress his findings.  
20       Thereafter, the Comptroller General is given discretionary  
21       authority to audit subsequent reports.





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**AMENDMENT**

Intended to be proposed by Mr. WILLIAMS of Delaware to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts towards economic and social development and internal and external security, and for other purposes.

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JUNE 22, 1961  
Referred to the Committee on Foreign Relations and  
ordered to be printed

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# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
(For information only;  
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**HIGHLIGHTS:** House committee voted to report farm bill and bill to permit removal of hay on conservation reserve acreage adjacent to disaster areas. Committee received permission to report these bills this weekend. House agreed to conference report on general Government - Commerce appropriation bill. Sen. Proxmire submitte amendment to farm bill to provide individual producer milk allotments in local areas. Senate passed legislative branch appropriation bill.

## HOUSE

- 1. FARM PROGRAM.** The Agriculture Committee voted to report (but did not actually report) with amendments H. R. 8230, the omnibus farm bill, and S. 2197, to authorize the Secretary of Agriculture to permit the removal of hay from, or grazing on, conservation reserve lands adjacent to or near disaster areas (pp. D596-7). The Committee was granted until midnight Sat., July 22, to file reports on these bills (p. 12163).
- 2. SURPLUS GRAIN.** The Banking and Currency Committee reported without amendment S. 614, to permit the States in emergency situations to obtain grain from CCC to prevent starvation of resident game birds and other resident wildlife (H. Rept. 746). p. 12184
- 3. CCC APPRAISALS.** The Banking and Currency Committee reported without amendment S. 763, to authorize annual appropriations to reimburse CCC for net realized losses sustained during any fiscal year in lieu of annual appropriations to restore capital impairment based on annual Treasury appraisals. The bill provides for the amount of net gain or loss realized by CCC to be determined from the Corporation's financial statements as of the end of each fiscal year instead of requiring the Secretary of the Treasury to make an annual independent appraisal of the Corporation's assets and liabilities for the purpose of determining the net worth of the Corporation. (H. Rept. 751). p. 12184



4. WATER RESOURCES. The Rules Committee reported a rule for the consideration of H. R. 30, granting the consent and approval of Congress to the Northeastern Water and Related Land Resources Compact. pp. 12122, 12184
5. APPROPRIATIONS. Agreed to the conference report on H. R. 7577, the general Government matters-Commerce appropriation bill for 1962, and acted on amendments in disagreement (pp. 12135-9). See Digest 121 for items of interest.  
The Appropriations Committee was granted until midnight Fri., July 21, to file a report on the military construction appropriation bill for 1962. p. 12122
6. PERSONNEL. Subcommittee No. 2 of the Judiciary Committee voted to report to the full committee with amendments H. R. 4131, to authorize the waiver of collection of certain erroneous payments made by the Federal Government to certain civilian and military personnel. p. D597
7. ETHICS. The Judiciary Committee reported with amendments H. R. 8140, to strengthen the criminal laws relating to bribery, graft, and conflicts of interest (H. Rept. 748). p. 12184
8. COMMITTEES. Received reports of the House committees on salaries and expenses of the committees for the 6-months period ending June 30, 1961. pp. 12178-84
9. ADJOURNED until Mon., July 24. pp. 12153, 12178

SENATE

10. FARM PROGRAM. Sen. Proxmire submitted an amendment intended to be proposed to S. 1643, the omnibus farm bill, which would amend the Agricultural Marketing Agreement Act of 1937 so as to provide for individual producer milk allotments in local and regional marketing areas. He stated that the proposed amendment "would permit dairy farmers to adopt milk sales allotments for individual dairy farms which would enable them to manage total marketing of milk from each such farm in line with their sales of fluid milk." pp. 12034-5  
Sen. Miller inserted an article critical of the omnibus farm bill. pp. 12061-2
11. LEGISLATIVE BRANCH APPROPRIATION BILL, 1962. Passed as reported this bill, H. R. 7208 (pp. 12085-6, 12092-6). Conferees were appointed (p. 12096).
12. FOREIGN AID. The Foreign Relations Committee was granted permission to file a report during adjournment of the Senate this week-end on S. 1983, the foreign aid authorization bill. p. 12021  
Sen. Humphrey discussed the importance of the foreign aid program and inserted an editorial, "Long-Term Foreign Aid," and a copy of a joint letter from Secretaries Husk and Dillion to members of Congress "commenting on some of the more controversial sections of the foreign-aid program." pp. 12049-51  
Sen. Williams, Del., inserted an article critical of the foreign aid program. p. 12091
13. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 12022  
S. 860, without amendment, to grant the Secretary of Agriculture additional authority for protection against the introduction and dissemination of disease of livestock and poultry (S. Report 582).  
H. R. 2249, without amendment, to authorize the Secretary of Agriculture to convey a tract of forest land in Calif. to Trinity County (S. Rept. 580).  
H. R. 2250, without amendment, to authorize the Secretary of Agriculture







# Digest of CONGRESSIONAL PROCEEDINGS

OFFICE OF  
BUDGET AND FINANCE  
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OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

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**HIGHLIGHTS:** Senate began debate on farm bill. House committee reported (on July 22) farm bill and bill to permit removal of hay on conservation reserve acreage adjacent to disaster areas. Senate committee reported foreign aid authorities bill.

## SENATE

- 1. FARM PROGRAM.** Began debate on S. 1643, the omnibus farm bill (pp. 12252-9, 12281-300, 12315-18). Agreed to an amendment by Sen. Ellender to add two sentences to Subtitle D relating to marketing orders which he explained were "inadvertently omitted" from the bill as reported out of committee (p. 12282).  
Sens. Yarborough, Kefauver, Moss and Metcalf submitted amendments intended to be proposed to the farm bill. Sen. Metcalf explained that his proposed amendment in the nature of a substitute "would reinstate beginning with the 1962 crop of wheat the provisions of legislation which authorized increased farm acreage allotments and marketing quotas for the 1957 crop of wheat for farms producing Durum wheat, except that the provision which permitted the growing without penalty of up to 30 acres of Durum wheat on any farm in the designated counties regardless of the size of the farm acreage allotment would be eliminated." pp. 12242-3
- 2. FOREIGN AID.** The Foreign Relations Committee reported with amendments S. 1983, the foreign aid authorization bill (S. Rept. 612) (~~pp. 12240~~). The Committee



voted to report the bill earlier. the "Daily Digest" includes a table listing authorizations requested by the Administration and the amounts as authorized by the Committee (pp. D602-3).

Sen. Symington urged support for the foreign aid bill and inserted an editorial, "Foreign Aid: A 'Must' of U. S. Policy." p. 12273

Sen. McGee inserted an article discussing the foreign aid program, "A Battery of Plus Signs Supports Foreign Aid." pp. 12302-3

3. FOREIGN AFFAIRS. Sen. Humphrey inserted an article discussing the international situation, "The Shape of Things to Come." pp. 12273-6

Sen. Fulbright discussed, in response to a recent statement by Sen. Goldwater, the objective of U. S. foreign policy, stating that "our proper objective is a continuing effort to limit the world struggle for power and to bring it under civilized rules." pp. 12280-1

4. FORESTRY; PUBLIC LANDS. The Interior and Insular Affairs Committee reported without amendment H. R. 6067, to provide for an appropriation of not to exceed \$35,000 with which to make a survey of a proposed national parkway from the Blue Ridge Parkway at Tennessee Bald or Beech Gap southwest and running in Ga. (the proposed parkway would traverse certain national forest lands) (S. Rept. 605 (p. 12239), and H. R. 7042, to add 1,040 acres of land in the Lassen National Forest to the Lassen Volcanic National Park, Calif. (S. Rept. 608) (pp. 12239-40).

Received from this Department and the Navy Department a notice of the intention of the two Departments "to interchange jurisdiction of military and national forest lands." p. 12238

Sen. Moss discussed the "demand in America for more and better outdoor recreation spots," and inserted an article, "Ah, Wilderness?" pp. 12262-7

5. NOMINATION. Confirmed the nomination of Robert E. Hampton to be a Civil Service Commissioner. p. 12237

6. URBAN AFFAIRS. The Subcommittee on Reorganization and International Organizations of the Government Operations Committee voted to report (on July 21, during adjournment) to the full committee with amendments S. 1633, to create a Department of Urban Affairs and Housing. p. D603

Sen. Bridges inserted a statement of Paul Belknap before the Subcommittee on Reorganization of the Senate Government Operations Committee opposing the creation of the proposed Department of Urban Affairs. pp. 12244-7

7. RESEARCH. Sen. Humphrey discussed Federal budgeting for research and development, saying that during hearings this week the Subcommittee on Reorganization and International Organizations of the Senate Government Operations Committee "is going to look at the subject from one particular standpoint -- the relationship between budgeting for research and development and long-range programs to solve major problems of national security, space, and other challenges." pp. 12276-7

#### HOUSE

8. FARM PROGRAM. The Agriculture Committee reported (on July 22, during adjournment) with amendment H. R. 8230, the omnibus farm bill (H. Rept. 754). p. 12235

Rep. McCormack discussed the major legislative achievements of the first 6 months of the Kennedy administration, including agriculture. pp. 12190-1

87TH CONGRESS }  
1st Session }

SENATE

{ REPORT  
{ No. 612

# FOREIGN ASSISTANCE ACT OF 1961

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## REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE

ON

S. 1983



JULY 24, 1961.—Ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1961

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## FOREIGN ASSISTANCE ACT OF 1961

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JULY 24, 1961.—Ordered to be printed

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Mr. FULBRIGHT, from the Committee on Foreign Relations, submitted the following

## REPORT

[To accompany S. 1983]

The Committee on Foreign Relations, having had under consideration the bill (S. 1983), the Foreign Assistance Act of 1961, reports the bill favorably with amendments and recommends that, as amended, it be passed by the Senate.

## 1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to give vigor, purpose, and new direction to the foreign aid program. Thus, the stress of the program is shifted to development loans repayable on manageable terms and conditions but in dollars. Long-term financing becomes available to the new aid agency, a simpler structure which will include the Development Loan Fund and the International Cooperation Administration. Less emphasis is placed on and fewer funds are granted to direct support programs. Self-help and long-term development planning are now the chief criteria against which the bulk of economic aid is programed.

Funds for categories of economic and technical assistance other than the contingency fund, are authorized to be made available until expended. The same is true of military assistance. This means that unused funds in these categories are carried over into another fiscal year instead of automatically returning to the Treasury. The bill, in short, stresses orderly economic growth and gives continuity to the programs that will encourage and sustain much of this growth.



## 2. WHAT THE BILL PROVIDES

The following table shows the appropriations authorized by the bill for fiscal year 1962, plus 5-year borrowing authority, and compares these figures with the amounts requested by the administration.

[In millions]

	Administra- tion request	Committee authorization
Development grants.....	\$380.0	\$380.0
Investment surveys.....	5.0	5.0
Development research.....	20.0	( <sup>1</sup> )
International organizations.....	153.5	153.5
Supporting assistance.....	581.0	450.0
Contingency fund.....	500.0	300.0
Military assistance.....	1,885.0	<sup>2</sup> 1,800.0
Administrative expenses.....	51.0	51.0
Total.....	3,575.5	3,139.5
Borrowing authority.....	900.0	1,187.0
Loan repayments.....	287.0	
Total.....	1,187.0	1,187.0
Grand total.....	4,762.5	4,326.5

<sup>1</sup> Authority to spend funds available for pt. 1.

<sup>2</sup> The committee imposed a \$55,000,000 ceiling on military assistance to be furnished to Latin America. A sum equal to the amount by which the ceiling reduces the military program planned for Latin America this year will be transferred to the funds made available for development grants in that area.

In addition, the bill contains these major provisions:

(1) It repeals and supersedes the Mutual Security Act of 1954, as amended.

(2) It authorizes funds that will remain available until expended for development grants, supporting assistance, investment surveys, international organizations and programs, and military assistance that will remain available until expended. The primary purpose of providing this kind of authority is to discourage the practice of hastily obligating funds near the end of the fiscal year in order to place aid administrators in a stronger position to seek further appropriations.

(3) The development loan program is given long-term financing with authority to borrow up to \$1.187 billion from the Treasury in fiscal year 1962 and \$1.9 billion in each of the following 4 fiscal years.

(4) The military assistance program is given a 2-year authorization at the level of \$1.8 billion a year.

(5) The President is authorized to draw on up to \$200 million of existing Department of Defense stocks for the military assistance program.

(6) The sum of \$5 million is authorized for the purpose of encouraging surveys of investment opportunities by private interests (title IV). This is a new authorization.

(7) Authority is provided to carry out programs of development research into various problems of economic and social development (title V). This is a new authorization.

(8) Technical cooperation programs are continued, but within the framework of a new category, development grants, which will emphasize the development of human resources and the institutions necessary to social and economic development.

(9) Authority is provided to continue issuing investment guaranties up to \$1 billion total face value. Also, in special situations the

President may issue guaranties against a portion of loss due to any risks not otherwise insurable. The authority for guaranteeing risks of this character is limited to \$100 million.

(10) The aid program is reorganized. A new aid agency will be established within the Department of State. The International Cooperation Administration is eliminated, and the Development Loan Fund in a new form is to become a part of the new agency. Provision is also made for improved administrative and personnel practices.

(11) There is provided a \$5 million revolving fund for the procurement of excess Government property that can be utilized by the aid program.

### 3. COMMITTEE ACTION

On March 22, the President delivered to the Congress a special message on foreign aid, and on May 26 Senator Fulbright introduced, by request, the administration bill (S. 1983), which was transmitted in a communication from the President and incorporates his proposals.

The committee formally opened hearings on the bill on May 31 with the appearance of Secretary of State Dean Rusk, who also met with the committee in executive session at the conclusion of the hearings. In all, the committee held 15 days of hearings, in both public and executive session. These have been published in two parts, with security information deleted, and are available to Members of the Senate and the general public.

Following Secretary Rusk, the committee heard testimony from, among other administration witnesses, Secretary of the Treasury Douglas Dillon; Secretary of Defense Robert S. McNamara; the Chairman of the Joint Chiefs of Staff, General Lyman Lemnitzer; the U.S. Representative to the United Nations, Adlai Stevenson; the Under Secretary of State for Economic Affairs, George Ball; and Assistant Secretary of Defense for International Security Affairs Paul Nitze. Mr. Henry Labouisse, Director of both the International Cooperation Administration and the President's Foreign Aid Task Force, and Frank M. Coffin, Managing Director of the Development Loan Fund, testified, and were available to the committee throughout the course of the hearings. Other members of the President's Foreign Aid Task Force and representatives from the Departments of State and Defense also testified.

In addition to the executive branch witnesses, the committee had testimony from Senator Everett M. Dirksen, of Illinois, and from a number of public witnesses. These included representatives of the International Chamber of Commerce, the U.S. Chamber of Commerce, the National Council of Churches of Christ, the Citizens Foreign Aid Committee, the AFL-CIO, the American Farm Bureau Association, Americans for Democratic Action, the National Association of Home Builders, the League of Women Voters, the National Congress of Parents and Teachers, the Citizens Committee for UNICEF, the International Economic Policy Association, the Committee for a Democratic Spain, the Women's International League for Peace and Freedom, the Friends Committee on National Legislation, the Cooperative League of the U.S.A., the General Board of Christian Social Concerns of the Methodist Church, the Board of Missions of the Methodist Church, and the Council for Christian Social Action of the United Church of Christ. As in past years, the nongovernmental testimony was predominantly favorable to the program.



The committee was especially concerned with making certain that the needs of Latin American countries are fairly reflected in this bill. Information furnished by the executive branch indicates that, subject to congressional appropriations, roughly \$300 million in economic assistance authorized by this bill are expected to be used in Latin America. In addition, about \$350 million of funds available for the social development program for Latin America are expected to be used for fiscal year 1962. To these amounts there must be added from the Export-Import Bank loans and activities under the food for peace program. Thus, there is expected to be used in Latin America for fiscal 1962 in excess of \$1 billion.

On June 26 the committee began marking up the bill in executive session. During this meeting and subsequent meetings on June 28, July 6, 7, 10, 13, 14, 17, 18, 19, 20, and 21, the committee went over the bill section by section and also gave careful consideration to each amendment which had been proposed by any Member of the Senate. On July 24, the committee voted 13 to 4 to report the bill favorably as amended.

#### 4. COMMITTEE COMMENTS

The committee believes, no less than the President, that the United States must plan for and contribute generously toward a decade of development. Foreign aid is both an unavoidable responsibility and a central instrument of our foreign policy. It is dictated by the hard logic of the cold war and by a moral responsibility resulting from poverty, hunger, disease, ignorance, feudalism, strife, revolution, chronic instability, and life without hope.

Foreign aid has entered a new phase. The major powers of Western Europe, themselves the most prominent beneficiaries of external assistance, have elected to make important contributions to the development of the southern continents. A primary purpose of the Organization for Economic Cooperation and Development is to coordinate the assistance programs of the Western Powers and Japan. The development problems of some countries are already being tackled on a multi-lateral basis. The aid-to-India and aid-to-Pakistan programs are examples. In short, the pattern for the future of foreign aid is being laid down now; and 1961 should be regarded by future historians as the transitional year in which the United States, Japan, and West Europe joined their efforts to narrow the dangerously widening gap between the rich societies and the poor.

This does not mean that the aid responsibilities of the United States will lighten. It means instead that the other capital exporting nations of the non-Communist world are prepared to make proportionately similar contributions. Together with the United States, these countries possess the greatest financial, scientific, and technological resources in the world. However, time is the impartial but controlling element in the struggle between the rival power blocs. And the essence of the West's responsibility is to use its resources imaginatively and generously as time moves a swiftly changing world into an uncertain future.

The foreign aid program is many things to many different Americans. And something may be said in defense of several different points of view. To some, the program is a continuing burden. That is true in the sense that some \$80 billion has been loaned or



granted to other countries in the past 15 years (or about 1½ percent of our gross national product in this period). To others, foreign aid, on balance, has been a failure. And it is true that in some countries—Korea and Laos are examples—an enormous amount of money has been spent with something less than success.

But to many thoughtful citizens, foreign aid represents the only means of alining this country and its allies with the forces that are shaping the world that lies ahead. It may be that in a few countries our aid programs have created problems instead of disposing of them; that some societies have not been helped by aid, only propped up. But as the Secretary of State recently observed, "History does not reveal its alternatives." Without American aid, many countries that today are independent might have been transformed into Communist puppet states. And the opportunity to assist poor but independent societies toward productive and compatible ends still remains before us. The history of foreign aid is brief. Some members of this committee, along with other Senators, have had intimate acquaintance with the aid programs from the beginning. They were able to measure the funds programed for the Marshall plan against the scope of Europe's problems. Since then, they have studied aid programs on the ground all over the world, issued reports of their findings, and authorized comprehensive studies of the problems of development. Against the background of that experience, the committee members can offer some useful observations on the record of American foreign aid.

First, the temptation to compare the results of the Marshall plan with other programs must be avoided. Basically, Western Europe needed only capital to regain economic health. Experience, established institutions, and residual technology did the rest. Elsewhere in the world, especially in the underdeveloped southern continents, these factors are absent. There, the successes of our programs are far less visible and hence more difficult to evaluate. There, the growth process is slow. Yet thanks largely to the aid programs, there has been measurable progress in these areas. Improved agriculture, budding institutions, accruals of technical skills, more efficient use of capital and other resources, low-cost housing, infrastructure development—these are the slowly materializing benefits in many countries of American aid. More basically, aid programs in some countries have kept economic growth and human consumption levels in reasonable balance with population increase. That is not an obvious accomplishment, but it is an accomplishment of obvious importance. At present levels of population growth in some countries, it is difficult to see how this accomplishment can be maintained through the next decade.

It can be truthfully said that the aid program has been indispensable. But it can also be said that it has fallen short of the millions of words that have been uttered in its behalf. To some extent, this was inevitable. Hope usually tends to exceed feasible expectation. Moreover, foreign aid is new to human endeavor, with no earlier history from which to draw conclusions. Yet with that said, it must be added that several of our aid programs have accomplished less than might reasonably have been expected. The failure to separate long-range objectives from immediate problems has diluted the impact of the program in many countries. In others—Korea again is a prominent example—the need to maintain a large, well-equipped army has

hobbled development programs. In short, the future—sometimes of necessity—has been neglected for the present.

Our brief experience shows that foreign aid is everywhere a difficult and complex undertaking. In Asia, Africa, and Latin America, old and traditional social structures are breaking down. This is a dynamic but disruptive process. Established institutions are being swept away, often before new ones are ready to replace them. General illiteracy is a barrier to progress in many countries. Surpluses of unskilled labor generate strong pressures in some of these. Another source of instability is the frustration of persons who have received higher education, but cannot find a place in society for which education qualifies them. Thus, the slow pace of economic growth has the parallel consequence of stifling social development, as well. And the disaffection of this essentially urban element often spills over into the countryside and gives expression to the discontent of peasants living on the thin edge of subsistence.

Economies have stifled growth in a great many countries. The per capita income in these societies scarcely keeps pace with population increase, and in some cases lags behind. Capital formation is held down in many societies by consumption levels, which while low by North American standards, are out of proportion to gross national product. In order to appease elements of instability, the leaders of these countries have felt compelled to set living standards above the ability of their economies to support them. The result is inflation, which often produces compensatory boosts in interest rates that are already oppressively high. Black marketeers and usurers flourish in such a climate. Land reform becomes meaningless, because of the inability of poor beneficiaries to borrow money for seed, equipment, and so forth on manageable terms. The social consequences of this vicious dilemma are predictably disruptive.

Another problem is the extreme dependence of several of the poorer countries upon the world demand for the raw materials that they export. A fluctuation in the price of a single product can cripple promising development programs. A partial solution would be reducing the dependence of some countries on exports of single commodities and also developing their processing and manufacturing capabilities to produce locally some goods which are now imported. The problem is finding the capital to finance such facilities, to say nothing of trained people to manage them.

These are some of the hard problems with which we try to cope through our foreign aid program. The committee believes that the lessons of the past must be applied to the aid programs that lie ahead. It must first of all be clear that no amount of aid can materially improve a society whose leadership is not strongly committed to economic and social development. Foreign aid, if provided under the wrong circumstances, can itself be a disruptive force. The primary responsibility for growth and development is not on the aid donor, but on the recipient government. A donor country can provide the additional human and capital resources, but should do so only when the regimes in question have brought their domestic policies into line with the needs and legitimate purposes of their peoples.

Second, programs must be clearly related to the long-range goals of a recipient country as defined within a general economic and social development plan. Heretofore, our programs have been too heavily



influenced by military considerations, by "impact" projects, by temporary and sometimes illusory political urgencies.

Third, the United States must be able to make long-term commitments to societies that have embarked on genuine economic and social reform. To deny this flexibility would amount to crippling the proposed program and perpetuating some of the serious deficiencies of past programs. An administration official recently stated the problem quite succinctly:

We know in our hearts that we are in the world for keeps, yet we are still tackling 20-year problems with 5-year plans, staffed with 2-year personnel working with 1-year appropriations. It's simply not good enough.

The committee, having tried unsuccessfully to incorporate borrowing authority in past legislation, sympathizes with this point of view.

The committee believes that the bill before the Senate reflects an understanding of past mistakes and future requirements. The most glaring of these past mistakes has been a weakness in administering the aid programs. This bill seeks to give the aid program new direction, spirit, and purpose, while retaining the most productive features of the existing legislation. The committee hopes that a multilateral approach can receive greater emphasis with respect to newly independent countries, especially those in Africa. In the interest of stability, some other elements of current programs are carried over, but will be phased out in subsequent legislation. In short, the bill before the Senate gives foreign aid the necessary but moderate shift in direction in this transitional year of 1961.

## 5. PROVISIONS OF THE BILL

### PART I

#### CHAPTER 1. STATEMENT OF POLICY

Section 101 declares that part I may be called the Act for International Development of 1961. This act supersedes the nonmilitary provisions of the Mutual Security Act of 1954, as amended.

##### A. STATEMENT OF POLICY

Section 102 sets forth a statement of policy that is comparable to that contained in the existing law. However, some new points are added. The principle of continuity is stressed. Economic aid is to be based upon long-range plans which are related to the social as well as economic aspects of development. Aid programs will be responsive to the efforts of peoples to help themselves. The emphasis of the program will be placed on long-range development assistance. Such assistance will be complemented by the furnishing of surplus agricultural commodities under other acts. The effectiveness of aid programs will be sharpened by research designed to improve existing techniques. As a matter of policy, assistance will be provided in some areas for the purpose of promoting stability. It is also the policy of the United States to contribute to programs conducted by the United Nations and other international organizations



which are directed toward economic, social, and scientific progress, as well as the relief of human distress.

Carried over from the policy statement in the existing law is a reaffirmation of the principle that world peace and the survival of free institutions in the United States can best be assured by preserving human dignity and expanding freedom. To this end, it is observed that the United States has in the past assisted other societies in their efforts to improve living conditions and fulfill the aspirations of their peoples. Congress declares that the United States must "renew the spirit which lay behind these past efforts," thus demonstrating that economic growth and democracy can go hand in hand; and that an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity.

Congress also declares that the United States "supports the principles of increased economic cooperation and trade among nations, freedom of the press, information and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties."

Finally, Congress urges that all other countries able to contribute join in a common undertaking to meet the goals contained within this statement.

## CHAPTER 2. DEVELOPMENT ASSISTANCE

### TITLE I—DEVELOPMENT LOAN FUND

These subsections effect a major change in the terms and conditions of development loans and the method of financing them. Whereas most of the loans negotiated by the Development Loan Fund have been repayable in local currency, all loans extended under the new authority must be repaid in dollars. Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods of up to 10 years. The aid agency will have flexibility in establishing terms and conditions that will reflect the capacity of the recipient country to service its debts.

The committee approves the shift from local currency to dollar repayment. Despite the obvious advantages of the so-called soft-loan procedure, it is a source of difficulty and occasional misunderstanding. For practical purposes, a large proportion of soft loans really amount to grants. The currencies used for repayment normally cannot be spent outside the country of issue. It is also true that accumulations by the United States of steadily growing balances of these currencies can create problems and further misunderstandings with host governments. Moreover, the uses to which these currencies can be put in many of the countries of issue are severely limited.

The President is directed to establish a successor Development Loan Fund from which funds will be made available to finance development loans.

In financing the new development loan program, the President is authorized to borrow from the Treasury \$1.187 billion in fiscal year 1962 and up to \$1.9 billion in each of the next 4 fiscal years. The unused portion of the maximum allowed for one fiscal year will become available for use in any subsequent year of the note issuing period. Thus, the full amount authorized by section 202 will be \$8.787 billion.

The President is directed to take into account six considerations before extending loans:

(1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the U.S. economy with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

These are comparable to the criteria applied to Development Loan Fund activities in the existing legislation.

Funds available for development lending may not be decreased by the authority of section 610, which allows the President to transfer 10 percent of the funds of one aid category into another category, provided the transfer does not increase the amount available in the latter category by more than 20 percent. Nor can the provisions of title I be waived by the authority of section 614(a), which allows the President to furnish assistance of up to \$250 million without regard to the requirements of this bill and related legislation.

The bill makes available for the purposes of this title the dollar assets of the Development Loan Fund which remain unused and uncommitted for loans repayable in foreign currencies as of the date of the Fund's abolition. The President is directed to submit to the Congress a final report of the operations and condition of the Development Loan Fund as of that date. The President is also directed to establish an interagency Development Loan Committee which shall, under his direction, establish standards and criteria for lending operations. The Committee shall consist of officials of such U.S. Government agencies as the President may determine, provided that each appointee has been confirmed by the Senate. An Office of the Development Loan Fund will provide staff assistance to the Development Loan Committee, as well as performing such other functions as the President prescribes.



The committee believes that the long-term borrowing authority sought by the President is the most important part of this legislation. It is not a new proposal nor is the Treasury borrowing procedure an unfamiliar one in our Government. The Senate attempted to give the Development Loan Fund this authority when the organization was created in 1957. The committee made a second unsuccessful effort in 1959. And the best recommendation for the borrowing procedure is the excellent record compiled by the agencies and programs that have been financed, in part or in whole, by this method. The list includes:

- Reconstruction Finance Corporation.
- Commodity Credit Corporation.
- Defense Production Act of 1950.
- Export-Import Bank of Washington.
- Federal Deposit Insurance Corporation.
- Farmers Home Administration.
- St. Lawrence Seaway Development Corporation.
- Federal home loan banks.
- Federal National Mortgage Association.
- Housing and Home Finance Administration.
- Federal Savings and Loan Insurance Fund.
- Rural Electrification Administration.
- Federal Ship Mortgage Insurance Fund.
- Federal Civil Defense Act of 1950.
- Small Business Administration.
- Informational Media Guaranty Fund.
- Veterans direct loan program.
- Investment guaranty program.
- Panama Canal.
- Virgin Islands Corporation.
- District of Columbia.
- Helium Act, as amended.
- Area Redevelopment Act of 1961.
- Tennessee Valley Authority.

The activities of these organizations have been useful and beneficial to the people of the United States and, in many cases, to others. They have contributed to our stability and our own economic growth with a minimum of waste and inefficiency. Moreover, it is quite clear that Congress, in adopting this procedure, does not give the Executive a free hand. The legislative controls remain. The aid agency, in accordance with provisions of the Government Corporation Control Act, annually must present to the Appropriations Committees of Congress the budget program for its proposed lending operations for the coming year, and obtain from Congress authority to obligate funds to carry out this program. As with appropriations, the amounts to be borrowed must be included each year in the Federal budget as new obligational authority. Congress, if it chooses, can limit the funds that otherwise would be available for use; consistent with legislative practice in the case of other Government agencies having borrowing authority, it is anticipated that this would be done only in unusual circumstances. The Executive is also required to submit quarterly reports on lending operations to Congress. Finally, an annual presentation covering all development lending operations will be made available to the authorizing committees of Congress.



There may be concern that some loans executed under the development lending program will be poor risk ventures. Section 201(b) states that "loans shall be made \* \* \* only upon a finding of reasonable prospects of repayment." Moreover, the record of other lending programs offers reassurance on this point. As of December 31, 1960, foreign loans disbursed under mutual security and related legislation have amounted to nearly \$3 billion. There have been no defaults or delinquencies on these transactions. However, in the case of three countries who received loans under the mutual security program, there have been deferrals of payments of principal and interest for a specified period. As for the Development Loan Fund, while there have been delays in payments on some loans, none of the DLF borrowers has defaulted on loan repayment.

Since beginning its activities in 1934, the Export-Import Bank has authorized loans and credits totaling about \$11.4 billion (as of December 31, 1960). During this period, the Bank has written off losses of less than three one-hundredths of 1 percent of this total. In addition, the prospects for repayments on loans to three countries—Bolivia, Cuba, and Haiti—are doubtful. However, even if the entire \$100 million total of these loans were deemed irretrievable, maximum losses would be only nine-tenths of 1 percent of the Export-Import Bank's total authorizations.

The effect of the borrowing authority proposed in this bill would be to bring development lending operations more closely into line with established banking and business procedures. It will remove the temptation to force the hasty conclusion of loans near the end of the fiscal year so that the aid agency will be in a better position to ask Congress for another large appropriation. The Act for International Development is built on the premise that aid programs should be related to a country's growth process based on a broad development plan. We can scarcely expect the poorer countries to commit themselves to comprehensive development plans in the absence of reasonable assurances that foreign exchange requirements will be met and that programs undertaken will be supported through completion. The element of continuity is essential to all growth, including economic. It is the element common to all of the aid programs of the Soviet Union. In the past year, Soviet long-term economic grants and credits amounted to nearly \$1.2 billion. The following statements are contained in an evaluation of Communist bloc aid prepared by the executive branch:

On the whole, it would appear that the aid of the Communist bloc countries has been negotiated and administered with skill, speed, and sensitivity. \* \* \* The increasing influence of Communist bloc aid is felt in key economic sectors of some countries. \* \* \* Assistance from the bloc countries has consisted mostly of long-term advance commitments of specific amounts of aid with actual projects and terms of repayment negotiated later. \* \* \* The total effect of the bloc aid effort, together with evidences of achievement by the bloc countries at home, is to enhance the image presented by the Communist bloc and increase the attractiveness of the Communist model to countries groping for a method of rapid economic and social improvement.

The committee agrees with this evaluation. Several members have observed at first hand the scope and effects of Soviet aid in certain key countries. Nearly two-thirds of the Soviet grants and credits have been concentrated in three countries—India, Indonesia, and the United Arab Republic. And it has been, on balance, an impressive performance. The aid program reflected in this bill also emphasizes a concentration of effort. It is planned to program about three-fourths of the funds available for development lending in India, Pakistan, and Brazil. These are large, populous countries (each with an extremely high rate of population increase which threatens the success of their development efforts). They possess great significance, both regionally and internationally. Their prestige and influence is on the rise. They are committed to realistic development plans. The United States and its allies can play the pivotal role in assisting these nations in their effort to reach the stage of self-sustaining growth.

The authority in this bill is permissive. It does not mean that the Executive will begin to export \$1.9 billion annually in loans. The needs for such sums exist, but the absorptive capacities of most developing countries are not yet equal to their needs. The rate of growth in these countries cannot be precisely determined. As the problems vary from country to country, so does the cycle of growth. In a few cases, the need for growth capital is immediate; others may be 2, 3 or 4 years away from the point at which large amounts of capital can be effectively utilized. The authority contained in this bill will enable the aid agency to commit adequate sums at the critical turning points.

Based on past performance, the committee believes that this long-term borrowing authority will promote efficiency, economy, and above all, durable economic growth. It will give direction and momentum to the entire aid effort. And it should, at least, balance whatever advantage the Soviet Union may be gaining as a result of the flexibility and continuity of its own aid program.

#### TITLE II—DEVELOPMENT GRANTS

The bill authorizes \$380 million in development grants. It is proposed to add to that amount unobligated balances currently estimated at approximately \$15 million, thus providing this program with a total of \$395 million. The funds would be available until expended. This category of aid includes the technical assistance program contained in the existing legislation, plus special programs now authorized separately.

Development grants will finance the growth of institutions that form the base for economic development and progress. They will be used to raise educational, technical, managerial, and professional levels of certain societies. They will supplement social reform programs. They will be used to assist in the creation of comprehensive development plans. In some countries, these grants will contribute to the development of the basic physical facilities that modern societies all require.

Development grant activities will be financed jointly by the United States and the host government, with the latter bearing a substantial, if not the major, burden of the program. As with development loans,



these activities must meet other strict criteria. The bill directs the President to—

take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, and (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures and to pay a fair share of the costs of programs under this title.

It is the committee's understanding that the term "social progress," as used in this section, covers the improvement of living standards within relatively poor but aspirant societies, and the development of those institutions that will give hope and purpose to the lives of the peoples who comprise such societies. More specifically, education, health, farmer cooperatives, and public administration are examples of areas of concern that are basic to social progress.

Education and development of human resources through such means as technical cooperation programs will be emphasized in those countries which are in the earlier stages of economic development. The furnishing of capital facilities for purposes other than these shall be given a lower priority until the requisite knowledge and skills have been developed.

The committee believes that this is a minimum program. Of the \$395 million allotted to development grants, about \$259 million represents continuing costs of existing programs. The balance will be used to finance new activities. Agricultural extension services is one example. In some countries—Iran is one—extensive land reform will be meaningless unless it is tied to agricultural extension programs. In such societies, the landlord provides seed, credit, beasts of burden, counsel, the cost of equipment maintenance, and other essential services. When he disappears, the function he performed must be transferred to new institutions, such as agricultural cooperatives and extension services. The development grant program will encourage and support the growth of such services.

Another critical need in most of the newly independent countries is competent public administration. A society is unlikely to progress very far in the absence of effective and orderly government. An efficient tax structure, sound banking system, and sensible fiscal and monetary policies are the hard but necessary attributes of a government determined to move its people across centuries of time in a few short years. Development grants will help to establish and sustain vital public institutions.

Perhaps the strongest drag on the progress of less developed societies is the burden of illiteracy and untrained manpower. The levels of technical, managerial, and vocational proficiency in such societies are generally low, and difficult to raise. Raising them, however, is one of the purposes of the development grant program. Contracts with



American universities and private consultants engaged in technical training operations will be financed from the development grant program.

Contracts with private research groups who are helping to strengthen a country's planning organization will also be financed out of development grants. Health and sanitation programs, community development, housing, transportation, and other related activities also fall under this program.

The committee approves the proposal to finance the development grant program with appropriations that remain available until expended. The creation of viable political, economic, and social institutions is the work of many years. The cost of such activities is low when compared with the cost of financing a multiyear economic growth program. But the cost in time and patience is high, and the potential benefits cannot be measured in dollars. Cultivating these institutions is somewhat like growing delicate species of plants. They are sensitive and fragile, and they frequently defy all of the wisdom of the experts. As with projects financed with development loans, these institutions require continuity if they are to grow.

Section 213 under this title provides authority to promote the peaceful uses of atomic energy outside the United States. A separate appropriation is not required; the money will come out of funds available for the development grant program. Atoms for peace began as principally a reactor program. As of the end of fiscal year 1961, 23 reactors had been approved, of which 8 are presently in operation. The U.S. share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000. The intention is to shift the emphasis of this program by providing laboratory, field, and teaching equipment. The use of consultants will expand. Program requirements for fiscal year 1962 will bear an estimated cost of \$2 million.

Section 214 under this title authorizes assistance to schools, libraries, and hospitals outside the United States that have been founded or sponsored by American citizens. The President may use funds available for the development grant program to help support the schools and libraries. Foreign currencies owned by the United States may also be used to assist these schools and libraries, and also the American hospitals abroad.

Section 215 authorizes payment of the costs of transporting voluntary relief supplies from U.S. ports to ports of entry in distressed countries. Other than the American Red Cross the voluntary agencies shipping such supplies must be registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Arrangements are to be made with the receiving nation for free entry of such shipments and for the payment by that nation of the internal shipping costs.

### TITLE III—INVESTMENT GUARANTIES

Title III continues and broadens somewhat the President's authority to make guaranties of certain investments up to a face amount of \$1.1 billion. It also consolidates guaranty authorities which under the existing legislation are assigned to ICA and the Development Loan Fund. The purpose of this title is to expand the role of private enterprise in furthering the economic growth of less-developed countries and areas.

Section 221 enumerates the specified risks against which guaranties can be made. These include inconvertibility of earnings or profits and capital, loss of investment due to confiscation or expropriation, and losses due to war. Guaranties may be issued to a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or territory, and substantially beneficially owned by citizens of the United States.

Authority of up to \$100 million in face amount is also available to guaranty both equity and loan investments against unspecified risks. These are called all-risk guaranties. The executive branch testified that "this authority is to be considered and administered as an experimental provision. It is designed to be responsive to unusual situations where special protection against risk is required in order to create an environment in which private investment can play its full role."

An all-risk guaranty may not exceed 75 percent of possible loss. It is limited in amount to \$10 million. It must emphasize economic development projects clearly related to social improvement in the country concerned. The committee, in approving this authority, expects that it will be used to encourage the development of small independent business enterprises, credit unions, cooperatives, low-cost housing projects and other similar activities.

No guaranty of an equity investment issued under this broader "all-risk" authority will provide protection against loss resulting from fraud or misconduct in the management of an enterprise, or from normally insurable risks.

It is often difficult to attract equity investment into the less-developed countries, owing to the instability and strong nationalism that prevail in many of them. But these, of course, are the countries most in need of such investment. Thus, a guaranty against loss of investment from an unspecified cause may sometimes be called for. Under the new authority, such guaranties would be provided on a "share the loss" basis. In the event the investment is lost, a prior agreement would determine the proportion of the loss to be financed by the aid agency and by the investor respectively. Although limited to offering protection against not more than 75 percent of any possible loss, the executive branch expects that, in most cases, not more than 50 percent of such losses would become the Government's responsibility. Furthermore, the executive branch intends to charge a substantial fee on all-risk guaranties, and in some cases may require a portion of the profits of the investments to be used for the benefit of the country concerned.

It is also contemplated that private U.S. loans, as distinguished from equity investment, will continue to be eligible for all-risk guaranties. As in the case of equity investment, not more than 75 percent of any given loan could be guaranteed in this fashion.

Eligibility for all-risk guaranties—either in the case of equity investment or loans—will be determined by whether the President regards such activities as "important to the furtherance of the purposes of this title." In short, the priority attached both to the project and the area will have to be high. In most cases, the all-risk guaranties will represent alternatives to government-to-government transactions.

The guaranty program authorized under this title carries a number of conditions. For instance, guaranties can only be issued in countries with which the President has agreed to institute a program. Each



project must be approved by the President. Guaranties may not extend beyond 20 years from the date of issuance. They may not exceed the original dollar value of the investment in a project, plus earnings thereon. The President is directed to make suitable arrangements for property turned over to the United States and claims to which the United States is subrogated as a consequence of guaranty payments.

Section 222 requires that a fee shall be charged for each guaranty in an amount to be determined by the President. It permits reduction of fees on outstanding guaranties if and when fee schedules are reduced for guaranties of the same type. Under existing authority fees charged for specified risk guaranties are limited to 1 percent per annum for inconvertibility guaranties and to 4 percent per annum for expropriation and war risk guaranties. However, these limitations are not really relevant, since the fees charged have in recent years been one-half percent per annum for each of the three coverages authorized. The new legislation provides authority to vary amounts in accordance with experience. It is contemplated that the present practice of charging one-half percent per year for the specified risk coverages will be continued, though consideration may be given to varying fees in varying circumstances. Fee charges for all-risk guaranties will also be varied according to the circumstances of each case. Income from fees will continue to be available for meeting claims under guaranties, and will also be available for meeting such management and custodial costs as may arise when property is turned over to the United States.

To date, the U.S. Government has never paid a claim on a guaranty issued under this program. A fund of \$6.9 million represents the accumulation of fees charged for the guaranties. The direct administrative costs of the ICA program for calendar year 1960 amounted to \$162,800.

In computing the total face amount of guaranties outstanding at any one time for the purposes of the \$1 billion ceiling, all outstanding guaranties (other than informational media guaranties) issued under previous authorities shall be included. Such claims against the Government that may arise may be paid out of amounts specifically reserved for this purpose, from fees, from proceeds of assets turned over to the Government, if any, and from the proceeds of notes issued under prior legislation.

All guaranties (other than informational media guaranties) may be treated as obligations only to the extent of their probable ultimate net cost. Funds available for the payment of claims shall constitute a single reserve, except in the cases of guaranties issued prior to July 1, 1956, or under Development Loan Fund authority. Funds obligated for guaranties in these two categories shall not, except with the consent of the investor, be reduced and become part of the single reserve. The explanation for this is that guaranties issued prior to July 1, 1956, have been treated as obligations up to 100 percent of their face amount, while guaranties issued under DLF authority are supported by a reserve of 50 percent of face amount. All other guaranties have been issued on the basis of "probable ultimate net cost." This has produced a reserve amounting to 25 percent of the face amount of outstanding guaranties. The intention is to continue this practice and also to shift the DLF and pre-1956 guaranties to a 25 percent



obligation basis, to the extent that owners of the relevant guaranty contracts agree to this. This shift would not affect the value of these guaranties, but it could free up to \$27 million for other guaranties.

The term "investment," as used in this title, includes—

any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

Under the new legislation, the guarantee program will continue to be administered under broad criteria, while the authority of the Executive to issue guaranties is expanded. The committee approves of giving this program some additional vigor and momentum. Private investment in the less developed countries has remained well below its potential, and the requirements for public assistance have been correspondingly heavier. It is clear that private investors require encouragement in the form of a program that will relieve them of part of the burden of risk. The committee heard testimony that fresh U.S. direct investment in Latin America was in excess of \$300 million during 1958 and close to \$400 million for 1959. But during 1960 such investment amounted to only \$100 million. The reasons for this decline are multiple, but there is little doubt that the expropriations in Cuba were a strongly unsettling influence.

#### TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

This title authorizes a fund of \$5 million to finance up to 50 percent of the cost of investment surveys and studies in less developed areas. The funds shall remain available until expended.

Each survey must be approved by the President. However, surveys of opportunities in the so-called extractive fields are specifically prohibited. This would exclude surveys regarding sources of oil, gas, and ores, along with studies aimed at determining the feasibility of mining and other extraction operations. In the event a person or company making a survey determines within a specified time not to proceed further with the project studied, the report and supporting material developed by the survey will become the property of the U.S. Government. The term "person," as used here—

means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or territory and substantially owned by United States citizens \* \* \*

Feasibility studies can be contracted for by private industry under the authority of both the present and the new legislation. However, title IV provides specific authority and separate funds to help support surveys designed to encourage private U.S. investment in the less developed countries. Previously, such surveys have been contracted only to organizations that could not benefit directly because they were excluded from consideration for whatever contracts might

result from their exploratory efforts. Furthermore, with few exceptions, public bidding procedures have determined the awarding of survey contracts. This has prevented the Government from responding to the initiative of a private concern interested in making a feasibility survey in a less developed area, provided some Government support were available to minimize the uncertainties of the venture.

#### TITLE V—DEVELOPMENT RESEARCH

This title represents a new program designed to contribute the results of systematic investigation to the improvement and the direction of economic aid programs. The President is authorized to use funds available for part I for the purposes of this title.

In his special message on foreign aid of March 22, 1961, the President proposed—

a program of research, development, and scientific evaluation to increase the effectiveness of our aid effort.

The program authorized by this title is largely the product of recommendations put forward by the President's Scientific Advisory Committee. It is contemplated as a modest program, to be conducted on an experimental basis and involving an expenditure of not more than \$20 million and possibly less. It represents an effort to minimize the difficulties inherent in economic and social development. In the southern continents, where the major portion of aid funds is programed, conditions are vastly different from those in our own country. Climate, soils, diseases, traditions, and social patterns all pose problems that can frustrate development programs.

A good deal of research being undertaken in this country by the foundations and universities is relevant to the problems in the less developed societies. One of the major purposes of the development research program is to relate this research more directly to specific problems. First, needs and requirements must be identified and given priorities. In some countries, the primary need is the development of people. Educational and training techniques normally used in the West may be irrelevant to problems that arise from mass illiteracy, absence of basic skills, and divergent cultural and social patterns. Thus, technical assistance programs will have the intended effect in a given country only if they are designed to cope with the problems peculiar to that country. The hope is that our research programs may discover more appropriate educational and training techniques.

In some countries, the main problem is finding a way to harness the resources of the country to its development plan. The technical problems may involve agriculture, mining, power, industry, and public administration. The techniques and methods suitable for tackling one country's combination of technical problems may not be applicable to another's. Again, it is hoped that research programs will find some answers for specialized situations.

It is contemplated that most of the activities under this program will serve the purpose of improving the capability of less developed countries to analyze their own problems. The committee heard testimony that—

In the end it is they who will have to deal with their own technical, economic, and social problems. One of the most



critical bottlenecks is the very limited number of people in the underdeveloped countries capable of analyzing their own problems systematically. Wherever possible research should be carried on jointly by people and institutions with research experience in the United States and Europe and by analysts in the underdeveloped countries themselves.

Another big need is a better understanding of the interrelationships among economic, political and social changes.

The program should encourage the research community to undertake more projects that are relevant to the problems of the societies we are seeking to assist. And it should serve as a clearinghouse in which research activities can be evaluated and related to these societies.

The committee, in approving this program, was mindful that research and development occupies an important role in private enterprise and in Government operations. More than 9 percent of the Federal budget is spent on research and development. It would seem highly advisable to expose the complicated and difficult problems of the less developed areas to the formidable talents of the American research community.

### CHAPTER 3. INTERNATIONAL ORGANIZATIONS AND PROGRAMS

The bill authorizes appropriations of \$153.5 million for the support of international organizations and programs. The funds will remain available until expended. Such contributions are presently made under a number of sections of the Mutual Security Act. The authority in the bill is limited to voluntary contributions (assessed contributions are charged to Department of State appropriations) made on a grant basis.

Of the funds appropriated under this section, in the fiscal year 1962 the following amounts may be used for the following respective purposes:

(1) Not to exceed \$40 million for contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund.

(2) Not to exceed \$12 million for contributions to the United Nations International Children's Fund.

(3) Not to exceed \$13,350,000 for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

(4) Not to exceed \$62 million for contributions to the programs of the United Nations in the Congo.

(5) Not to exceed \$1,800,000 for contributions to the budget of the United Nations Emergency Force.

(6) Not to exceed \$3,400,000 for contributions to the malaria eradication, water supply, and medical research programs of the World Health Organization.

(7) Not to exceed \$750,000 for contributions to the International Atomic Energy Agency.

(8) Not to exceed \$16,900,000 for contributions to the Indus Waters Development Fund.

(9) Not to exceed \$1,800,000 for contributions to the science program of the North Atlantic Treaty Organization.



(10) Not to exceed \$1,500,000 for contributions to the technical cooperation program of the Organization of American States.

The bill preserves the existing requirement that total U.S. contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for a calendar year may not exceed 40 percent of the total contributions of all governments for that purpose.

Also preserved is the requirement that the President, in determining the advisability of continued support of the Palestine refugee program, "shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls."

Testimony before the committee indicated that in the past year the United Nations Relief and Works Agency (UNRWA) has made some progress in rectifying refugee rolls. The committee appreciates the very sensitive and difficult nature of this undertaking, but hopes and expects that UNRWA will continue its efforts to reduce the dimensions of the problem. The Executive was unable to report any progress toward a settlement of the refugee question. However, fresh efforts are being made to bring the principal disputing elements face to face with this cruel and frustrating problem. The general outlines of a possible solution are perceived by a growing number of interested people. The committee believes that, pending a settlement, the United States must continue to support this program. Funds in the amount of \$13.35 million have been authorized for the Palestine refugee program, in addition to \$4.85 million that will be carried over from the fiscal year 1961 appropriation. In an effort to hold the dollar component to a minimum, the administration hopes to pay a portion of the U.S. contribution under Public Law 480.

The United States is a member of the consortium that is financing the development of the Indus Basin. Besides contributing substantially to the economic growth of India and Pakistan, this project removes one of the two important differences between India and Pakistan, and thus contributes to political stability in south Asia. The project, which anticipates the world's largest irrigation system, is supported by Australia, Canada, Germany, New Zealand, and the United Kingdom, along with the World Bank, the United States and India and Pakistan themselves. It is proposed to contribute \$16.9 million as the U.S. share of the costs of the project in 1962 under this section.

The largest sum authorized by this chapter is \$62 million in support of the U.N. operation in the Congo. Of this amount, \$35 million is for economic assistance, and \$27 million to help support the U.N. military operations. The committee approves of this program. The presence of the United Nations in the Congo has probably prevented a conflict that could have broadened into a dangerous international struggle. Moreover, there remains in the Congo a strong potential for chaos and conflict. The single stabilizing element is the United Nations' presence. It provides the order which is essential to the efforts being made by Congolese leaders to settle their differences and develop a viable political system.

The next largest sum authorized by this chapter is \$40 million to the United Nations technical assistance program, which was created

in 1950, and the Special Fund which began operations in 1959. Under the former program (ETAP), technical experts and fellowships are offered to less developed countries, along with demonstration supplies and equipment. Such assistance is programed through specialized agencies of the United Nations, or the U.N. itself. The program is designed to help countries help themselves. It is financed by voluntary contributions from some 80 governments.

The Special Fund is the product of U.S. initiative. It finances preinvestment projects, usually of a long-term nature, that are basic to economic development. These include surveys of power, soil, and mineral resources, and the establishment of training centers that will harness the unskilled labor resources of a country to its economic development plans. It is felt that, wherever possible, these projects should be carried out on a regional instead of a country basis.

A combined annual goal of \$150 million has been set for the technical assistance program and the Special Fund. It is recommended that the U.S. contribution comprise 40 percent of total contributions. Pledges from other governments are expected to amount to approximately \$60 million, calling for a U.S. contribution of \$40 million. If pledges from other governments exceed this amount, thus calling for a larger U.S. contribution, the additional funds would be secured from contingency funds authorized in this bill.

It is planned to contribute \$12 million to the U.N. Children's Fund, which is the same amount made available for this purpose for the past 3 years. The administration reported that pledges and contributions from 97 other governments have increased regularly in recent years, enabling the UNICEF program to expand and also allowing the United States to decrease the percentage of its contribution. In 1952, the U.S. share of the contributions and pledges to this program stood at 72 percent. For 1962, the U.S. share represents 44 percent of the total.

#### CHAPTER 4. SUPPORTING ASSISTANCE

The bill authorizes appropriations of \$450 million for supporting assistance to be used beginning in fiscal year 1962. It is proposed to add to that amount unobligated balances currently estimated at \$50 million, thus providing this program with a total of \$500 million. The funds will remain available until expended.

Supporting assistance joins together in a single category those programs which, in the existing legislation, have been labeled "defense support," and some of the principal programs that are presently known as special assistance. In effect, the supporting assistance program will supersede these two categories and perform most of their principal functions.

In general, defense support has consisted primarily of nonproject aid given to countries carrying a necessarily heavy military burden. Special assistance has consisted mainly of budgetary and other non-project assistance given to countries like Jordan, which would face economic collapse in the absence of such assistance.

In fiscal year 1961, the United States supplied \$1.1 billion for defense support and special assistance purposes to 37 countries. For fiscal year 1962, the executive branch requested \$581 million in new authority for the supporting assistance program, an appreciable reduction in the amount programed for comparable purposes in fiscal



year 1961; moreover, 15 countries have been eliminated from the ranks of those receiving this essentially unproductive kind of aid. The committee is encouraged by the atypical tendency of the supporting assistance program, but hopes to find even more encouragement next year. On that point, an official of the executive branch told the committee that this year's program would be the last for seven countries; that seven others should be phased out "within a few years." The witness added that—

in eight countries, we do not now see any prospect for terminating supporting assistance over the next few years, though we shall keep these situations under constant review.

Supporting assistance programs are planned for 22 countries; in 14 of these, the program contemplated is less than the defense support and/or special assistance obligated in fiscal year 1961. About three-fourths of the funds available for the program will be concentrated in seven countries. Most of these are on the rim of the Sino-Soviet empire. They include Greece, Turkey, Pakistan, Korea, and Vietnam. These countries all carry the burden of larger military establishments than they can support. These military forces are considered essential to their security. As such, they are essential elements in our forward strategy, which is aimed at containing the spread of communism.

The executive branch expects to phase out the supporting assistance program in two of the countries named above after fiscal year 1962. This will be possible as a result of the economic progress these societies are making.

Although supporting assistance is largely grant aid, section 401 authorizes the President "to furnish assistance on such terms and conditions as he may determine \* \* \*." It is fair to say that a part of the assistance provided under this authority will be in loans repayable in foreign currencies.

Most of the countries receiving the largest grants of supporting assistance are members of security alliances. Turkey and Greece are, of course, NATO members. Turkey, Pakistan, and Iran are joined together in CENTO, while Pakistan and Thailand are in SEATO.

Certain other countries—all of them desperately poor and most of them misgoverned—would probably collapse economically, if not politically, if they were deprived of supporting assistance. The committee believes that in a few cases—a total collapse would not by itself add to the misery and deprivation of the great majority of the people concerned. But in removing the prop from under such a society there is the danger of exchanging one kind of despotism for another. This is the reasoning that traditionally has been used to justify certain direct support programs. The committee believes that the argument continues to possess validity, but that it cannot be applied categorically or accepted uncritically. Henceforth, individual cases must be studied on their merits. It does not follow as the night the day that the vacuum created by the departure of some despotisms will be filled by communism. And for the United States to be committed over the stretch of time to defending an essentially indefensible status quo would amount to injustice, political error, and waste of the taxpayer's money.

Some members were especially concerned with the size of the program in Korea, where roughly \$4½ billion in economic and military



assistance has been spent over the years. Nearly \$3 billion of this has been defense support, a program now covered by supporting assistance. The results of this investment have been discouraging, to put the case mildly. Admittedly, Korea remains an independent country, which has been the primary objective of the program. However, there is some feeling that Korea's security requirements might be satisfied with a less expensive program.

The committee recognizes the fact that this is a transitional year, and that the new administration has not had sufficient opportunity to examine some of the more questionable direct support programs on their merits. However, the executive branch is on notice that these cases will be exhaustively reviewed by the committee next year; and that new arguments may be required to justify some of them.

#### CHAPTER 5. CONTINGENCY FUND

Section 451 authorizes an appropriation of not to exceed \$300 million for a contingency fund to be used by the President for economic purposes that he determines to be important to the national interest. Congress will be kept currently informed of the use of funds available under this section.

The contingency fund is an essential part of the aid program, and has been provided annually. It is used to meet important but unforeseen problems as they arise. Last year, the authorization bill for the mutual security program provided a contingency fund of \$150 million. This was increased to \$250 million, as a result of the Congo crisis, the earthquake in Chile, and increased Communist pressure in certain areas. Finally, the President transferred to the contingency fund an additional \$35 million out of military assistance funds, thus bringing the total amount to \$285 million. This sum was nearly exhausted at the end of the fiscal year.

Contingency funds were also used last year to provide grants to 15 newly independent African States. They were used to support efforts of the new Governments of Turkey and Korea to introduce economic reforms and stabilization programs. Other purposes included support for the Indus Basin development plan, an increase in the U.S. contribution to the United Nations technical assistance program and Special Fund, and relief of acute economic crises in Guatemala, Haiti, Honduras, and Panama. Natural disasters, including the earthquake in Chile, floods in the Philippines, and typhoons in East Pakistan, also called for extraordinary assistance to help meet relief and rehabilitation costs.

In all parts of the world, the Sino-Soviet bloc is applying pressure against independent societies. Whatever their ideological disagreements, the Communist powers are united on the policy of encouraging strife and rebellion in the less developed societies that they do not control. Many persons believe that we are entering a period of multiple crises. Instead of concentrating on one trouble spot—Berlin, for example—there is the danger that Mr. Khrushchev will “give the whole tree a shake just to see what falls.” In any case, we can expect more, not less, instability in the days that lie ahead. For that reason, the committee recommends approval of a contingency fund in the amount authorized by this chapter.

## PART II

## CHAPTER 1. STATEMENT OF POLICY

Section 501 declares that this part may be called the "International Peace and Security Act of 1961." It will supersede the military assistance provisions of the Mutual Security Act.

In section 502, the Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations. The threat to world peace posed by international communism is recognized, and Congress restates its belief that "the security of the United States is strengthened by the security of other free and independent countries." It is, therefore, the policy of the United States—

to furnish to such countries cooperative military assistance of a kind and in an amount reasonably designed to help them provide for their own security against such aggression and for the security of international organizations of which they may be members.

## CHAPTER 2. MILITARY ASSISTANCE

This chapter provides a 2-year authorization for military assistance programs. The sum of \$1.8 billion is authorized to be appropriated for use beginning in each of the fiscal years 1962 and 1963, and the funds shall remain available until expended.

Military assistance may be furnished on such terms and conditions as the President may determine, and to any country, subject to conditions of eligibility, or international organization, the support of which the President finds to be in the national interest.

Assistance may be provided in a variety of ways. Defense articles or services acquired from any source may be provided by loan, lease, sale, exchange, grant, or any other means. Contributions may be made to multilateral programs designed to develop defense infrastructure. Financial assistance essential to the purposes of the bill may be provided, including expenses incident to U.S. participation in regional or collective defense organizations, and military budget support (either directly, or indirectly by generating local currencies). Members of the Armed Forces and employees of the Department of Defense may be available for this program, but only to serve in an advisory capacity or to perform other duties of a noncombatant nature.

The President is directed to establish procedures for programing and budgeting that will bring military assistance into direct competition for financial support with other activities of the Defense Department. The purpose of this provision is to make certain that funds spent on military assistance serve as important a purpose as funds spent for the U.S. Military Establishment.

Section 505 specifies that military assistance to any country shall be furnished only for internal security; for legitimate self-defense; for participation in regional or collective security arrangements consistent with the United Nations Charter; for participation in collective measures sponsored by the United Nations and designed to maintain or restore peace and stability. This subsection also recommends that military assistance programs encourage to the greatest possible extent



the participation by military forces of less-developed countries in programs designed to foster economic development.

Section 506 provides that before becoming eligible to receive defense articles on a grant basis, a country must agree that it will not, without the consent of the President: (1) permit any use of such articles by anyone not an officer, employee, or agent of that country; (2) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise; (3) use or permit the use of such articles for purposes other than those for which furnished.

A recipient country must also have agreed to maintain the security of articles in a manner consistent with the security protection afforded to such articles by the U.S. Government. Also to the extent required by the President, the recipient country must agree to permit observation and review by U.S. officials, and also make available the necessary relevant information to these officials. When defense articles are no longer needed for the purposes for which furnished, they will be returned to the U.S. Government, unless the President agrees to some "other disposition."

As further conditions of eligibility, the recipient country must agree to—

- (1) join in promoting international understanding and good will, and maintaining world peace;
- (2) take such action as may be mutually agreed upon to eliminate causes of international tension;
- (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;
- (4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength; and
- (5) take all reasonable measures which may be needed to develop its defense capacities.

Section 507 provides that defense articles from the stocks of the Department of Defense, plus defense services, may be sold for dollars to countries and international organizations. This authority has been in the law for several years and does not involve the use of funds that are available for use under this part. Payments may be made in advance or on terms of credit up to 3 years. The President is authorized to enter into contracts for procuring defense articles and services for sale without charging any appropriation or contract authority, provided the purchasing country provides a "dependable undertaking" to pay in advance amounts sufficient to meet all payments, including damages for breach of contract.

Section 508 provides that dollar repayments for military assistance supplied on cash or credit terms shall be credited to the current applicable appropriation, and can be used until expended, but only for the purpose of furnishing additional military assistance on such terms. This provision covers dollar proceeds derived from the sale of foreign currency repayments. It authorizes the use of foreign currency repayments for the purposes of this part.

Section 509 provides that defense articles and services transferred to the U.S. Government as payment for assistance furnished under this part may be used to carry out this part. It also authorizes the



disposal or transfer of such items to any U.S. Government agency for stockpiling. Any reimbursements received as a result of such transfers shall be credited to the account funding the assistance that was exchanged for the items concerned, or to any other appropriation, fund, or account currently available for the same general purpose.

Section 510 provides that the President can order supplies from existing stocks of the Department of Defense, as well as defense services, to be furnished for military assistance purposes, provided he first determines that the use of such supplies and services is "vital to the security of the United States." The authorization is limited in amount to \$200 million annually, and it provides for "prompt notice of action taken" to the appropriate committees of Congress.

This subsection also provides that the Department of Defense is to be reimbursed from subsequent appropriations for military assistance; that the Department, in anticipation of such reimbursements, may incur obligations in amounts equivalent to the value of the orders.

The purpose of this special authority is to enable the President to meet contingencies that arise from the unpredictable events that occur from time to time in this uncertain and changing period of history. Indeed, this entire part reflects the need for additional flexibility in meeting increased Communist pressure.

Section 511 retains a \$55 million ceiling on grant military equipment to Latin America, and further stipulates that, unless the President determines otherwise, internal security requirements shall not be the basis for any military assistance to Latin American countries. A sum equal to the amount by which the ceiling reduces the grant equipment program planned for Latin America this year will be transferred to the funds made available for development grants in that area.

It is contemplated that 22 percent of this year's military program will be spent in Europe, as opposed to 33 percent last year. The sums involved will cover the U.S. contribution to the NATO infrastructure program, as well as European country programs which are limited almost exclusively to projects begun in earlier years. The proportionately smaller share for the European area does not indicate a downgrading of the importance of NATO; instead, it reflects the rising capabilities of many European nations to meet their own military requirements.

More than half of the proposed program will cover the costs of maintaining forces in being and fixed charges. About 40 percent will be used to provide modernized and improved weapons for areas subject to the most immediate pressure. The thrust of the program is in those countries which face the threat of internal aggression, direct external aggression, or both, as in the case of some nations contiguous to the Sino-Soviet empire. While the problem is especially severe in the Far East, elsewhere in Asia, Africa, and Latin America the tempo of Communist activity is quickening, the weight of Communist pressure growing. The threat is presented in various forms. In one country, it may be Communist guerrillas terrorizing peasants, killing local officials and destroying public facilities. In another country, rioting, strikes and preplanned incidents designed to provoke violence are the more suitable techniques. In other countries, the technique has not yet clearly emerged, but the clandestine buildup of Communist arms is proceeding at a brisk rate.

The authority in this military program reflects a need for the additional flexibility that will enable countries whose security is menaced to meet the problem in whatever form it appears.

### PART III

#### CHAPTER 1. GENERAL PROVISIONS

This chapter of the bill contains general provisions similar to those which have been in past foreign aid legislation relating to private enterprise (especially small business); shipping; procurement; the use and disposition of commodities, foreign currencies, and other items; patents and technical information; transfer of funds between accounts; the completion of plans and cost estimates; contract authority; availability of funds; and termination of assistance. The chapter also contains (in sec. 614) special authority, as has been provided in the past, for the President to waive legal requirements respecting assistance of \$250 million and provides him with \$50 million in unvouchered funds. The principal new provision is found in section 608, which authorizes the use of \$5 million in development grant money for the advance acquisition of Government-owned excess property. These are explained in more detail below.

##### A. FREE ENTERPRISE AND PRIVATE PARTICIPATION (SEC. 601)

This section is a rewrite of language which has been in foreign aid legislation for many years. In the policy statement in subsection (a), Congress recognizes "the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development." In regard to other countries generally, it is declared to be the policy of the United States to encourage the efforts of those countries "to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions."

In regard to less developed countries specifically, it is declared to be the policy of the United States to encourage the contribution of American enterprise toward the economic strength of those countries through private trade and investment and the exchange of ideas and technical information. It is specifically provided that private trade channels are to be used to the maximum extent practicable in carrying out programs under the act.

The President is directed (in subsec. (b)) to "make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed countries and areas." This provision should be read in conjunction with part I, chapter 2, title IV which authorizes more active participation by the Government in surveys of investment opportunities (see above).

Subsection (b) of section 601 also carries forward existing provisions of law directing the President to accelerate a program of negotiating commercial and tax treaties, to seek compliance with such treaties, and to take all reasonable measures to assist U.S. citizens in obtaining just compensation for losses suffered as a result of treaty violations by other countries.



It is to be noted that two provisions of existing law (currently found in sec. 413(c) and (d) of the Mutual Security Act) are not reenacted by the pending bill. These provisions require annual studies of the role of private enterprise and a single study of the role of other industrialized countries, in carrying out the purposes of the act. The latter study has been made, and the provision calling for it is therefore obsolete. The role of private enterprise is under continuous review, and the committee sees no particular virtue in requiring annual, separate studies, particularly in view of the inclusion in this bill of title IV (surveys of investment opportunities) and title V (development research) of chapter 2 of part I.

#### B. SMALL BUSINESS (SEC. 602)

This section continues the special attention which has long been given to American small business in carrying out the foreign aid program. It provides that American suppliers, especially small independent enterprises, are to be informed as far in advance as possible of purchases to be financed with foreign aid funds. Further, prospective purchasers in countries receiving assistance are to be informed of goods and services produced by small independent business in the United States. Finally, the President is directed to provide for "additional services" to give small business better opportunities to participate in providing goods and services under the act.

This section also carries forward the provision of existing law creating an Office of Small Business, headed by a Special Assistant for Small Business, to promote small business opportunities; and it likewise provides, as does the present law, for the Secretary of Defense to give special attention to small business in administering the military assistance program.

#### C. SHIPPING ON U.S. VESSELS (SEC. 603)

This section is the same as section 509 of the Mutual Security Act. It exempts from the 50-50 shipping requirement the transportation between foreign countries of goods purchased with foreign currencies acquired under the bill and under Public Law 480 (the Agricultural Trade Development and Assistance Act). This exemption is necessary in cases in which, for example, surplus agricultural commodities have been sold to a country in Western Europe for that country's currency which has then been used to buy goods for use in the aid program in a third country. Such triangular transactions could not be carried out if the 50-50 shipping provision applied. It is to be noted, however, that the 50-50 provision will continue to apply to other shipments of commodities which the United States procures or directly arranges for the other country to procure, except to shipments of fresh fruits and their products, which have long been exempt, and to certain shipments in connection with the Indus Basin development plan, which have also been hitherto exempt. In the latter case section 303 requires that compensating allowances be made in other shipments.

## D. PROCUREMENT (SEC. 604)

This section has been tightened somewhat compared to existing law in its provisions relating to offshore procurement.

Subsection (a) authorizes the use of funds for offshore procurement only if the President determines that the advantages of such procurement will not be outweighed by adverse economic effects in the United States. It also provides that no commodities shall be purchased outside the United States at a price equal to, or higher than, the market price prevailing in the United States, adjusted for differences in quality, cost of transportation, and terms of payment.

Subsection (b) deals with commodity procurement generally, whether in the United States or abroad. It prohibits the bulk purchase of commodities at prices higher than the prevailing market price in the United States, adjusted for differences in transportation costs, quality, and terms of payment. The pending bill does not carry forward the present law's exemption of the purchase of raw cotton in bales.

Subsection (c) requires that insofar as practicable surplus agricultural commodities to be furnished on a grant basis must be bought only in the United States except to the extent that they are not available here in sufficient quantities to meet emergency requirements.

## E. RETENTION AND USE OF ITEMS (SEC. 605)

Subsection (a) makes provision for cases which may arise when changing circumstances make it inadvisable to furnish goods which have already been procured for use in the aid program. Whenever the President determines such a course will serve the best interests of the United States, such goods may be retained by the procuring agency or transferred on a reimbursable basis to another agency. They may be either used or disposed of by the agency in question; and when necessary to prevent spoilage or wastage or to conserve their usefulness, the disposal may be without regard to provisions of law relating to the disposition of Government property.

Funds realized from such disposal (or, in the case of transfers, funds accruing from interagency reimbursements) are to revert to the appropriation account from which the goods were procured in the first instance or to the amount currently available for such procurement.

The corresponding provision of the present law (sec. 511(b) of the Mutual Security Act) provides that goods shall be handled in this manner whenever called for by concurrent resolution as well as whenever a Presidential determination is made. The provision for the concurrent resolution method is not carried forward. It has never been used, and section 617 of the bill provides that any assistance can be terminated by concurrent resolution.

Subsection (b) provides that commodities received by the United States as payment in kind for assistance furnished under the bill may themselves be used to provide assistance to other countries. This subsection, which is similar to a provision in section 505(a) of the Mutual Security Act, makes possible arrangements whereby, for example, the United States may furnish a European country with one kind of commodity in return for a second kind which, in turn, is then furnished to another country.



## F. PATENTS AND TECHNICAL INFORMATION (SEC. 606)

This section is a rewrite and simplification, without substantial change, of a provision which has been in the law for many years as section 506 of the Mutual Security Act. It is designed to meet those cases in which patents or information protected by proprietary rights are disclosed by the U.S. Government in connection with furnishing assistance under the bill.

In such cases, the aggrieved party may sue the United States either in the Federal court in the district where he resides or in the Court of Claims within a period of 6 years. Provision is also made in subsection (b) for out of court settlements.

## G. FURNISHING OF SERVICES AND COMMODITIES (SEC. 607)

This section authorizes Government agencies to furnish services and commodities on a reimbursable basis to nations, international organizations, and voluntary nonprofit relief agencies, whenever the President determines that this would further the purposes of part I of the bill, relating to international development. Except for voluntary agencies, similar authority has been in the law for several years (sec. 535(b) of the Mutual Security Act). The committee feels that the addition of voluntary agencies provides a potentially useful tool to the foreign aid program, without cost to the Government.

## H. ADVANCE ACQUISITION OF PROPERTY (SEC. 608)

This section introduces a new element into the foreign aid program. It authorizes establishment of a \$5 million revolving fund, from development grant appropriations, to be used to acquire in advance of known needs excess Government property for future use in the economic aid program. The authority would also apply to advance acquisition of other property, but the intention is that this would be used to acquire only such other items as might be necessary to complement excess property. As the property is used to furnish assistance, the \$5 million revolving fund will be replenished from the appropriation applicable to the particular purpose of the assistance, i.e., development loans, development grants, supporting assistance, etc. Excess property acquired under this authority may also be furnished on a reimbursable basis to the nations, international organizations and voluntary agencies covered by section 607. And such reimbursement may also be used to replenish the fund.

The committee has long been of the opinion that ways should be found to make use of the vast quantities of excess property owned by the Federal Government. Two years ago the committee wrote into the Mutual Security Act a provision authorizing the use of up to \$2.5 million of the contingency fund to make available machine tools and other industrial equipment to foreign small business concerns in underdeveloped countries. This provision was rendered ineffective by language in a subsequent appropriations act, but one of the uses of the authority which the committee had in mind was to make it easier for small business abroad to acquire surplus machine tools owned by the United States, principally the Department of

Defense, which are obsolete by American standards but which could make a substantial contribution to industrial growth in underdeveloped countries. A similar program would be assisted under section 608 of the pending bill.

The provision now proposed would further the transfer of a great variety of property in addition to machine tools. Except for minor, incidental items which would be acquired from private suppliers, the property involved is as much a burden as it is an asset to the Federal Government which cannot realistically expect ever to make significant use of it or to recapture more than a fraction of its original cost. Section 608 of the pending bill would assist in putting at least a part of this property to productive use.

#### I. SPECIAL ACCOUNTS

A considerable portion of the grant economic assistance funds will be used to finance commodity imports and other forms of nonproject assistance. The commodities are financed with dollars, and are normally sold through private channels for the local currency of the recipient country. Under section 142(b) of the existing legislation, the local currency proceeds are deposited in a special counterpart fund which is also used for purposes agreed upon by the United States and the host government. This section was amended to become permissive instead of mandatory. The committee agrees with the executive that in some cases these local currency funds can be used more effectively within the framework of a given country's overall development plan and in accordance with the stated self-help criteria. The problem arising from the mandatory procedure is that some countries may use counterpart funds for jointly accepted purposes, while using other larger amounts for purposes that are sometimes inconsistent with longrun economic objectives. The intent of this bill is to relate all of a country's resources, not just aid funds and counterpart to the achievement of these objectives. Furthermore, in many cases the special fund requirement has created friction in that it has seemed to compel some governments to take measures that they would have taken anyway.

#### J. TRANSFER BETWEEN ACCOUNTS (SEC. 610)

This is the standard transferability section which has been part of foreign aid legislation for many years. It provides that, whenever the President determines it to be necessary for the purposes of the act, up to 10 percent of the funds made available for any provision of the act may be transferred to any other provision except that the latter provision may not be increased by more than 20 percent.

This provision in the past has proved to be valuable in meeting changing circumstances and changing program needs. It is to be noted that, although this authority can be used to augment funds for development loans, it cannot be used to decrease them. (See Sec. 201(b) above.) Further, under section 634(d) (see below), the President is required to notify promptly the Senate Appropriations and Foreign Relations Committees and the Speaker of the House of any transfers.



**K. COMPLETION OF PLANS AND COST ESTIMATES (SEC. 611)**

This section is based on the provision of existing law found in section 517 of the Mutual Security Act. It provides that, with respect to development loans, development grants, and supporting assistance, funds in excess of \$100,000 cannot be obligated until engineering, financial, and other plans necessary to carry out the project in question have been completed and there is a reasonably firm estimate of the cost of the project to the United States. In the case of water or related land resource construction projects, the plans must include a computation of benefits and costs made insofar as practicable in accordance with Budget Bureau procedures for such projects in the United States.

In cases in which the proposed aid requires legislative action within the recipient country, obligations in excess of \$100,000 are prohibited unless such legislative action "may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes" of the aid.

These requirements do not, however, apply to assistance furnished for the purpose of preparing plans.

Finally, it is provided in subsection (c) that contracts for construction outside the United States made in connection with projects subject to these requirements are to be made on a competitive basis to the maximum extent practicable.

**L. USE OF FOREIGN CURRENCIES (SEC. 612)**

This section provides that foreign currencies received as a result of economic aid programs are first to be used for payment of U.S. Government expenses abroad, with an equivalent charge against the dollar appropriation of the spending agency. First call upon these currencies is given to educational and cultural exchange activities. Foreign currencies which are excess to the Government's foreign expenses are made available for further use in economic aid programs.

This section does not apply to foreign currencies which may be received as a result of payment of a loss on an investment guaranty (see sec. 222(d) above) or to foreign currencies received from the disposal of surplus agricultural commodities, either under section 402 of the Mutual Security Act or Public Law 480.

This is generally similar to authority currently found in section 505 of the Mutual Security Act. It enables aid dollars to do a kind of double duty, and it helps to prevent sterile accumulations of foreign currencies.

**M. ACCOUNTING, VALUATION, REPORTING, AND AUDITING OF FOREIGN CURRENCIES (SEC. 613)**

This section establishes new rules and criteria for accounting and reporting procedures regarding foreign currencies owed to or owned by the United States.

First, it puts in the Secretary of the Treasury the responsibility for these functions and authorizes him to issue regulations in these respects binding upon all agencies of the Government.

Second, it gives the Secretary of the Treasury sole authority to establish the exchange rates at which all foreign currencies or credits are to be used by all Government agencies.

Third, it requires each agency to report to the Secretary of the Treasury an inventory as of June 30, 1961, showing all foreign currencies on hand. The Secretary of the Treasury is to prepare a consolidated report for the Congress. Thereafter semiannual reports are to be required.

Finally, the Comptroller General is instructed to audit the first report and is authorized to audit subsequent reports as he deems desirable.

This section results from a growing dissatisfaction within the committee regarding the accounting methods used for foreign currencies and a growing feeling of frustration in dealing with reports on the value of these currencies owned by the United States. The committee hopes that these new provisions will help to clarify the situation.

#### N. SPECIAL AUTHORITIES (SEC. 614)

This section contains three kinds of special authorities for the President, all of them analogous to authorities now found in sections 403 and 451 of the Mutual Security Act.

Subsection (a) provides that the President may authorize the furnishing of assistance of \$250 million a year without regard to the requirements of this bill, the Battle Act, or any act appropriating funds for use under this bill or amendments thereto. Within the specified limit of \$250 million, this authority applies to funds made available for use under this bill as well as to Department of Defense funds which may be used under authority of section 510 (see above). The President has had similar authority, in regard to similar amounts in the past.

Subsection (b) provides that supporting assistance funds, as available and necessary, may be used "to meet the responsibilities or objectives of the United States in Germany, including West Berlin," whenever the President determines it to be important to the national interest and without regard to any law which the President determines should be disregarded. Heretofore the President has had such authority, albeit within a stated monetary limit (\$6,750,000 in fiscal 1961). No such limit is imposed in the pending bill, because neither the administration nor the committee can suggest an appropriate ceiling. In one set of circumstances, the requirements of West Berlin will be very small; in another, they could be very large. In any event, it seems to the committee important that these requirements be met and that the President have sufficient authority to do so swiftly and effectively.

Subsection (c) provides that up to \$50 million of the funds made available under the act may be used by the President on an unvouchered basis. Similar authority with regard to similar amounts has been available for several years. It has been rarely used.

Past foreign-aid legislation has contained a limitation of \$30 million on the funds which may be allocated to any one country under the President's special authorities. That limitation is not carried forward in the pending bill.



It is important to note that section 614 of the bill does not increase the funds provided. The section simply authorizes the waiver of statutory requirements with respect to the expenditure of specified portions of those funds.

#### O. CONTRACT AUTHORITY (SEC. 615)

This section is identical with section 515 of the Mutual Security Act. It simply provides that appropriation acts may contain authority to make contracts, within the amounts authorized to be appropriated, creating obligations in advance of appropriations.

#### P. AVAILABILITY OF FUNDS (SEC. 616)

This section is also similar to the existing law (sec. 507 of the Mutual Security Act). It states that, except as otherwise provided, funds shall be available to carry out the act as authorized and appropriated each year.

Thus, it is made clear that funds for development grants, supporting assistance, the contingency fund and similar programs must be authorized, as well as appropriated, annually. This section does not, of course, affect the long-term borrowing authority contained in section 202(a) and the 2-year authorization for military assistance appropriations in section 504. Neither does it affect the availability of appropriations without fiscal year limitation, where such are authorized.

#### Q. TERMINATION OF ASSISTANCE (SEC. 617)

Subsection (a) simply provides that unless terminated sooner by the President, assistance under any provision of the act may be terminated by a concurrent resolution of Congress. Funds will remain available for up to a year to provide for orderly liquidation of such programs.

Subsection (b) in effect reenacts section 503(b) of the Mutual Security Act of 1954. It provides that the President, unless he determines it to be inconsistent with the national interest, shall suspend assistance to country which has nationalized or expropriated American property and has failed to take appropriate steps within 6 months to discharge its obligations under international law.

#### R. ECONOMIC ASSISTANCE TO LATIN AMERICA (SEC. 618)

This section provides that development loans and development grants furnished to Latin America shall be in accordance with the principles of the Act of Bogotá. This act, which was signed September 13, 1960, by 19 of the 21 American Republics (the 2 exceptions being Cuba and the Dominican Republic) sets up the framework for the broad program of social reform and economic progress which underlies the alliance for progress. It provides for such things as land and tax reform, agricultural credit institutions, and the improvement of housing and community facilities, educational systems and training facilities, and public health. It provides, in short, for the kinds of institutional changes which, in the opinion of the committee, are indispensable for sustained economic growth in Latin America. The

committee does not believe that outside assistance to Latin America would be effective in the absence of such changes, and hence it has added to the bill the requirement of section 618.

#### S. ASSISTANCE TO NEWLY INDEPENDENT NATIONS (SEC. 619)

This section provides that, to the maximum extent appropriate in the circumstances of each case, economic assistance to newly independent countries shall be furnished through multilateral organizations or in accordance with multilateral plans on a fair and equitable basis with due regard to self-help.

The purpose of this section is to prevent, insofar as possible, the United States from assuming continuing and increasing obligations through bilateral arrangements with the rapidly emerging new countries of the world. The committee agrees that these countries need help and should have help. But it also believes that this is not, and should not be, the sole or even the major responsibility of the United States. Bilateral arrangements do not necessarily provide the most effective means of extending help and of accomplishing U.S. objectives. The other developed nations of the world, particularly the members of the Development Assistance Group, also have a responsibility and an interest in seeing the new countries make a success of their ventures into statehood.

The section is deliberately written in broad terms so that it applies to assistance furnished either through multilateral organizations, such as the United Nations or its specialized agencies, or in accordance with multilateral plans, such as might be agreed to by the OECD or, possibly, by some new economic grouping of African nations. It is the intent of the committee that the contributions of other nations be in reasonable proportion to their responsibility and capacity and that the recipient countries should, in all cases, take vigorous and affirmative measures to help themselves and to make the most effective use of the aid they receive.

One multilateral vehicle through which assistance to newly independent countries might be offered is the recently created International Development Association, an affiliate of the International Bank for Reconstruction and Development.

### PART III

#### CHAPTER 2. ADMINISTRATIVE PROVISIONS

This chapter effects a major revision in the organization of the aid program. It also contains provisions designed to improve administration and personnel performance, including provision for the selection out of personnel not meeting adequate performance criteria, and standard provisions on interagency relationships, bookkeeping operations, and uses of funds.

The reorganization contemplated by this chapter will result in the abolition of the International Cooperation Administration and the creation of a new agency which will have responsibility for non-military aid functions. The new agency will be headed by a person with the rank of an Under Secretary and will also have two persons with the rank of Deputy Under Secretary and nine with the rank of Assistant Secretary. The Development Loan Fund will continue to



be a separate fund in the new agency and lending activities will have special staff assigned under the supervision of one of the two senior officials having Deputy Under Secretary rank. The Development Loan Fund, though it will no longer be a separate Government corporation, will continue to operate in accordance with the principles of the Government Corporation Control Act.

#### A. EXERCISE OF FUNCTIONS (SEC. 621)

Ultimate authority in the act is legally vested in the President, as the head of the executive branch and the officer constitutionally responsible for the conduct of the Nation's foreign policy. Inasmuch as the President obviously cannot exercise all of these functions personally, section 621(a) authorizes him to exercise them through any agency or officer of the Government. Furthermore, such an officer or the head of such an agency may promulgate rules and regulations regarding these functions. The functions may be delegated and re-delegated within an agency.

Subsections (b) through (e) are designed to provide for the orderly transfer of economic aid functions from ICA and the old DLF to the new agency. ICA, as well as DLF in its present corporate form, are to continue in existence for 60 days after the effective date of the act, unless sooner abolished by the President. This provision is necessary because section 642(a)(2) of the bill (see below) repeals most of the Mutual Security Act of 1954, including the portions creating these agencies and they would therefore automatically cease to exist on the effective date of the bill unless provision were made to the contrary. Their continuance for a maximum period of 60 days will give the President opportunity to issue the necessary Executive orders creating the new agency and to provide for an orderly transfer of functions, personnel, records, and property.

Subsection (c) requires the President to designate an officer to receive the presently existing corporate assets and liabilities of the Development Loan Fund and to serve as the person to be sued in the event of default in the fulfillment of the obligations of the Fund. This is a technical provision necessitated by the change in the DLF's corporate status.

Subsection (d) provides for the transfer of the property and personnel of ICA to an officer or head of an agency carrying out economic assistance. Under both subsections (c) and (d) all personnel of the existing agencies will automatically shift to the new agency.

Subsection (e) provides for a similar transfer of the Export-Import Bank's assets and liabilities growing out of the so-called Cooley amendment loans made by the Bank under section 104(e) of Public Law 480. This provision of Public Law 480 makes available for loans to private business abroad up to 25 percent of the foreign currencies received in sales of surplus agricultural commodities. Under the existing provisions of Public Law 480, these loans are made through the Export-Import Bank, but section 703 of this bill (see below) amends Public Law 480 to provide that the loans will be made by such agency as the President may direct instead of by the Export-Import Bank. The provision for a transfer in section 621(e) will make it possible to divest the Export-Import Bank of the task of administering Cooley loans which have already been made.

## B. SECRETARIES OF STATE AND DEFENSE (SECS. 622-623)

These sections are essentially the same as sections 523 and 524 of the Mutual Security Act of 1954.

The first deals with the prerogatives and responsibilities of the Secretary of State and ambassadors. The second deals with the Secretary of Defense.

These sections make clear that, under the President, the Secretary of State has responsibility for the continuous supervision and general direction of the assistance programs and that ambassadors abroad are responsible for coordination of aid activities in the countries to which they are assigned. The Secretary of State is also clearly given the responsibility for determining whether there shall be a military assistance program for a country and the value thereof.

The Secretary of Defense in section 623 is given primary responsibility for the content of military assistance programs (once the size of those programs has been determined by the Secretary of State) and for the administration of those programs, including the establishment of priorities in procurement and delivery.

## C. STATUTORY OFFICERS (SEC. 624)

This section provides for the top administrators and policymaking officials of the new agency. There will be 12 of them to be appointed by and with the advice and consent of the Senate. One will have the rank of Under Secretary, two the rank of Deputy Under Secretary, and nine the rank of Assistant Secretary. Their salaries will be not in excess of those authorized for other officials of the same rank, but, within this limitation, may be fixed by the President. The President is also authorized to designate their titles and to fix the order of succession of those below the rank of Under Secretary in the event of absence, death, resignation, or disability.

One of the officials with the rank of Deputy Under Secretary is to have general supervision over the Development Loan Fund, and one of those with the rank of Assistant Secretary is to be head of the Office of the Development Loan Fund.

To facilitate an orderly transfer, this section also provides that officials may serve in any of these new positions without further Senate confirmation if they are currently serving in comparable positions which are subject to Senate confirmation but which are abolished by the bill. The committee intends this provision to mean that officials presently in office may be transferred laterally but may not be promoted to a rank higher than that now held relative to other positions, without reconfirmation by the Senate. Further these officials may continue to hold their present offices for a period of not to exceed 60 days following the effective date of this bill. This provision is similar to that in section 621(b) (see above) for continuing the existing agencies for 60 days pending creation of the new agency.

There are now eight officials in the nonmilitary aid program subject to Senate confirmation, but of somewhat lesser rank and salary than is provided by section 624. The major criticisms of the aid program have resulted not so much from the policy of furnishing aid as from mistaken judgments and administrative ineptness in carrying



out the policy. On the other hand, there have been complaints from within the executive branch about the difficulty of securing competent personnel. The committee expects the additional authority provided in section 624 to be used to improve the administrative capacity of the new agency.

#### D. EMPLOYMENT OF PERSONNEL (SEC. 625)

This section, which is in general similar to provisions of existing law, provides basic authority for the employment of personnel to carry out the act. With exceptions to be noted below, personnel employed in the United States will come under the generally applicable civil service laws; for employees outside the United States, the provisions of the Foreign Service Act may be used.

Subsection (a) contains general authority for the employment of such personnel as the President deems necessary.

Subsection (b) authorizes supergrade positions in the new agency to administer economic assistance and in the Department of State as the agency coordinating economic and military assistance. It provides that not more than 85 persons may be appointed, compensated, or removed without regard to the provisions of any law. Of these 85, up to 60 may be paid more than the salary provided for grade 15 by the Classification Act of 1949 (\$15,030 a year); and of these 60, up to 10 may be paid as much as \$19,000 a year. A proviso gives reinstatement rights to persons appointed to these excepted positions from regular civil service or Foreign Service jobs.

Subsection (c) authorizes supergrade positions for the military assistance program in the United States. Twelve persons in this program may be compensated at rates higher than those provided for grade 15 and of these, 3 may be paid up to \$19,000 a year.

Taken together, subsections (b) and (c) provide for 72 persons who may be compensated at rates higher than that for grade 15, of whom 13 may be paid up to \$19,000. The comparable figures in the present law are 45 and 15, respectively. It is to be noted in this connection, however, that section 624 of the bill (see above) authorizes 12 statutory officers at salaries of from \$20,000 to \$22,500 a year. Under existing law, there are 14 statutory officers, not all of whom are subject to Senate confirmation, at somewhat lower salaries.

It is also to be noted that the bill in subsection (b) provides for 85 persons to be "appointed, compensated, or removed without regard to the provisions of any law." The existing law (sec. 527(b) of the Mutual Security Act) provides for 70 persons to be "compensated without regard to the provisions of the Classification Act of 1949, as amended." This broader authority to waive any law, and to appoint or remove as well as to compensate, applies only to the economic assistance program and to coordination of economic and military assistance. It does not apply to the 12 supergrades provided for the military assistance program in subsection (c).

Subsection (d) of section 625 deals with personnel outside the United States. Paragraph (1) provides that persons so employed, including employees of Government agencies assigned to the program abroad, are to be paid at rates provided by the Foreign Service Act for the Foreign Service Reserve and Staff (not Foreign Service officers) and are to receive allowances and benefits under the terms of the

Foreign Service Act. Persons assigned from other Government agencies under these provisions are given reinstatement rights, except as may be specified otherwise by the President in cases when their assignments are for longer than 30 months. Personnel employed to serve abroad under this paragraph also come under the provisions of section 1005 of the Foreign Service Act, which prohibits political tests and discrimination on account of race, creed, or color. Policymaking officials are specifically exempt from the prohibition on political tests, however. These provisions are comparable to existing law.

Paragraph (2) of subsection (d) authorizes the use of the provisions of the Foreign Service Act generally to carry out the program abroad. An exception is made to authorize initial assignments in the United States for as long as 4 years of persons employed under this paragraph pursuant to the provisions of the Foreign Service Act.

Subsection (e) provides a selection-out process for personnel employed abroad analogous to the selection-out process now provided for Foreign Service officers. The subsection authorizes the President to prescribe performance standards for such personnel. Regardless of other laws, but subject to an appropriate administrative appeal, the President may separate employees who fail to meet those standards. Provision is made for severance benefits at the rate of 1 month's salary for each year of service up to a maximum of a year's salary. The appellate procedure should provide a mechanism for appeal to an authority not involved in the original decision, but provision should be made to assure quick disposition of the appeal. The committee welcomes the initiative of the administration in proposing this provision, which should result in improved performance and better administration.

Subsection (f) is designed to meet a technical difficulty raised by the Comptroller General who has ruled that funds for services of Government employees cannot be obligated except on a month-to-month basis. In the present state of the law and the Comptroller General's rulings, a project agreement with a foreign country can obligate funds for materials for the life of the project, but it can obligate funds for the services of Government employees only for a month at a time. The language of subsection (f) will make it possible to obligate funds for the total cost of the project and will greatly simplify administration.

Subsection (g) applies to personnel in the aid program the principles regarding foreign language competence set forth in section 578 of the Foreign Service Act. This section provides for designation of every position abroad whose incumbent should have a useful knowledge of the country's common language. The Secretary of State is directed to establish appropriate standards of language competence for aid personnel, which should be both adequate and realistic. The committee is tired of hearing of aid program personnel who may be technically qualified but who are unwilling to make the effort necessary to be able to communicate with the people they are supposed to be trying to help.

Subsection (h) reenacts the effect of section 527(e) of the Mutual Security Act of 1954 which provides that U.S. officers and employees performing aid functions may not accept any compensation or other benefit from any foreign country.



## E. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS (SEC. 626)

This section, which is generally similar to existing law (secs. 530 and 532 of the Mutual Security Act), provides for the use of experts, consultants, and retired officers in the foreign aid program.

Subsection (a) authorizes the employment of experts, consultants, and organizations of experts and consultants. Individuals so employed may be paid up to \$75 a day plus travel expenses as authorized by the standardized Government travel regulations. Employment under this subsection may be renewed annually, but this authority is limited to 10 persons as experts and consultants, to contracts with 10 retired military officers with specialized research and development experience, and to contracts with 5 retired military officers with specialized experience of a broad politicomilitary nature. There is no limit on the number of organizations of experts and consultants with which contracts may be renewed.

Subsection (b) exempts individuals serving as experts or consultants from the conflict-of-interest laws, except to the extent that those laws prohibit an individual from receiving compensation in connection with any particular matter in which he was directly involved in Government service. It is further provided that service as an expert or consultant is not to be considered as employment for the purposes of laws limiting the reemployment of retired officers or employees, or governing the simultaneous receipt of compensation and retired pay or annuities.

Subsection (c) authorizes the employment of retired officers, but does not waive other provisions of law concerning the simultaneous receipt of salaries and retirement pay.

Subsection (d) authorizes the employment of persons of outstanding experience and ability without compensation in accordance with the applicable provisions of the Defense Production Act of 1950.

The committee does not intend the authority of this section to be used as a device for providing continuing employment of an individual. The executive branch is expected to report to the committee periodically on experts and consultants employed, including in the report an estimate of the duration of their employment and a statement of their qualifications, together with evidence of their competence.

## F. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS (SECS. 627-630)

These four sections continue authority now found in sections 528 and 529 of the Mutual Security Act.

Section 627 authorizes the assignment of U.S. Government employees to positions in foreign governments where this does not involve their taking an oath of allegiance to another government or accepting compensation or other benefits from it.

Section 628 provides similar authority for the assignment of U.S. Government employees to international organizations.

These sections make it possible to place technical advisers in foreign governments receiving assistance under the program as well as in such international organizations as SEATO and the OECD.

Section 629 provides that persons so assigned to foreign governments or to international organizations are to continue to be consid-

ered as U.S. Government employees and are to be paid by their parent U.S. Government agency. They are likewise authorized to receive allowances and benefits from their parent agency, and, under Presidential regulations, representation allowances similar to those allowed under the Foreign Service Act. In the past, representation allowances have been available only for employees assigned to international organizations. Under section 629(b), they would be available also for employees assigned to foreign governments. This subsection likewise continues authority to provide representation allowances to personnel assigned to U.S. missions or staffs abroad under section 631 of the bill (see below).

Section 630 spells out the terms under which personnel may be detailed or assigned to foreign governments or international organizations. This may be done:

- (1) Without reimbursement.
- (2) With reimbursement in whole or in part, in dollars or foreign currencies. Funds received as reimbursements are to be credited to the appropriation from which the salary or expenses of the detailed employee are paid.
- (3) Upon agreement by the foreign government or international organization to make available funds, property, or services for specified uses in the foreign aid program.
- (4) Upon receipt by the United States of a credit to be applied against its share of the expenses of an international organization.

#### G. MISSIONS AND STAFFS ABROAD (SEC. 631)

This section provides authority, similar to that now found in section 526 of the Mutual Security Act, for the maintenance of special missions and staffs abroad and for the appointment and compensation of the chiefs and deputy chiefs of those missions and staffs.

This authority has been used in the past to establish U.S. operations missions (USOM's) concerned with carrying out nonmilitary assistance. The chief and his deputy, as is now the case, are to be appointed by the President and may be removed by the President in his discretion. The chief of a mission may be paid, as the President may determine, at any of the rates provided for the Foreign Service Reserve and Staff (maximum of \$19,650 a year) or at the rates provided under the Foreign Service Act for chiefs of mission, class 3 or 4 (maximum, \$22,500 a year). The chief of a mission is also authorized to receive the allowances provided for Foreign Service officers receiving comparable salaries. The same provisions are in existing law.

#### H. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES (SEC. 632)

This section contains provisions analogous to those in the existing law (secs. 505 and 522 of the Mutual Security Act) regarding what are essentially bookkeeping transactions among Government agencies.

Subsection (a) authorizes the President to allocate or transfer to any agency any part of the funds available under the bill. This complements the authority given the President in section 621(a) (see above) to exercise any of his functions under the bill through any Government agency.

Subsection (b) provides that the services or facilities of any Government agency may be used in carrying out the program at the direction



of the President or with the consent of the head of the agency concerned. Under the same conditions, any Government agency may supply commodities or defense articles for use in the program. Funds allocated to any agency for these purposes are to be kept in separate accounts.

Subsection (c) deals with goods or services procured from Government agencies in connection with economic assistance. Reimbursement, when required, is to be made from economic assistance funds and may be either at replacement cost, at actual cost if required by law, or at any other legal price agreed to by the owning or disposing agency. The amount of the reimbursement is to be credited to the current applicable appropriation from which replacements of similar goods or services may be procured. However, if the owning agency determines that replacement is not necessary, the reimbursement is to be deposited into the Treasury as miscellaneous receipts.

Subsection (d) deals with goods and services procured from Government agencies in connection with military assistance. Reimbursement, in this case, is to be in an amount equal to the value of the assistance furnished (other than the salaries of members of the Armed Forces) plus expenses incidental to furnishing it. The reimbursement is to be credited to the current applicable appropriation of the furnishing agency. This section is designed mainly to cover transactions within the Department of Defense. It does not apply to sales under section 507 or to actions pursuant to the President's special authority under section 510. (See above.)

Subsection (e) authorizes the actions necessary to furnish assistance through normal commercial channels. It provides that, subject to terms and conditions approved by the Secretary of the Treasury, bank accounts may be established against which letters of commitment may be issued and from which withdrawals may be made by recipient countries upon the presentation of appropriate documentation. Funds thus expended are to be accounted for on standard documentation required for Government expenditures, but the Comptroller General is authorized to approve other regulations for accounting for funds spent in offshore procurement.

Subsection (f) provides that loans made by the Export-Import Bank with foreign aid program funds are not to be counted in determining the total of the Bank's loans and guaranties for purposes of the limitation imposed on those loans and guaranties by the Export-Import Bank Act. This is an appropriate exemption, inasmuch as the Bank does not use its own resources in making these loans but rather acts simply as an agent for the foreign aid program.

Subsection (g) provides that initially any economic assistance appropriation may be charged with the expenses of any economic assistance program, but that at the end of the fiscal year a rectification of accounts is to be made with the expenses finally charged to the proper appropriation unless the complexities of segregating expenses and identifying the proper appropriation are too great. This will make it possible, for example, for the initial costs of a particular activity to be charged to either development grants or supporting assistance, with the proper distribution of charges against both appropriations to be made at the end of the fiscal year. This final distribution need not be exact, however. For example, a single appropriation may be charged with the salary and expenses of a technician

who spends part of his time working on a technical assistance project funded from development grants and part of his time working on other projects funded from supporting assistance.

#### I. WAIVERS OF CERTAIN LAWS (SEC. 633)

This section provides authority (now found in secs. 107 and 533 of the Mutual Security Act) to waive certain laws in carrying out the foreign assistance program.

Subsection (a) authorizes the President, whenever he determines it to be in furtherance of the purposes of the bill, to waive such laws as he may specify (other than the Renegotiation Act) relating to Government contracts and expenditures.

Subsection (b) authorizes a waiver of such provisions as the President may specify of the Neutrality Act.

Subsection (c) authorizes the assignment of Defense Department personnel to any civil office to carry out the bill, notwithstanding statutory provisions to the contrary.

All of the laws which may be waived under this section were passed to meet situations which are not applicable to the foreign assistance program. It was found necessary to waive these laws early in the history of the program, and an attempt to apply these laws to the program would greatly increase the difficulties and complexities of carrying out the program successfully.

#### J. REPORTS AND INFORMATION (SEC. 634)

This section brings together in one place, with minor changes, provisions now found in many sections of the Mutual Security Act and related appropriation acts.

Subsection (a) requires annual reports to Congress as long as funds under the bill remain available for obligation.

Subsection (b) requires that there be made public in these reports, as well as in response to requests from Members of Congress or inquiries from the public, all information concerning operations under the bill not considered by the President to be "incompatible with the public interest." The corresponding phrase in the present law (sec. 550 of the Mutual Security Act) is "incompatible with the security of the United States."

Subsection (c) provides that information relating to economic assistance must be furnished to the General Accounting Office and to congressional committees within 35 days after requested. Otherwise, unless the President certifies that he has forbidden the furnishing of the information, and tells why, funds cannot be used in the country, or with respect to the project or activity, in connection with which the information was requested.

Subsection (d) provides for special annual reports to the Speaker of the House and the Appropriations and Foreign Relations Committees of the Senate. These are to include all actions, with a justification therefor, which resulted in substantial changes in the nature, extent, or recipients of assistance as compared with the program presented to Congress. There are specifically to be included actions resulting in obligations or reservations greater by 50 percent than the obligations or reservations proposed for an activity in the congress-



sional presentation. This section also requires prompt notification of the same committees of any determinations waiving the 50-50 shipping provision with regard to the Indus Basin development, transferring funds between accounts, waiving the requirements of the act under the President's special authority in section 614(a), or using supporting assistance funds to meet U.S. objectives or responsibilities in Germany including West Berlin.

It may be noted that the present law requires all of these reports under this subsection to be made promptly, whereas under the bill the reports on program changes need be made only annually. The bill likewise drops the requirement of the present law (sec. 513 of the Mutual Security Act) that the Senate Armed Services Committee be notified when program changes involve military assistance.

#### K. GENERAL AUTHORITIES (SEC. 635)

This section provides a series of authorities necessary to carry out the foreign aid program. Most of these authorities are already in the law in one place or another.

Subsection (a) provides that except as otherwise specified, assistance may be furnished on any terms thought to be best suited to accomplishing the purposes of the program. This naturally includes grants or any sort of credit. It also includes payment in foreign currencies or in kind. The broad authority of this subsection does not extend to development loans which are specifically required to be repayable in dollars (see sec. 201 above). This authority is necessary with respect to development grants, supporting assistance, and military assistance in order to provide maximum flexibility in working out terms of repayment so as to avoid putting the whole program on a grant basis. In this connection, it is to be noted that the bill specifies that assistance is to emphasize loans rather than grants whenever possible.

Subsection (b) authorizes the President, except as otherwise specifically provided, to deal with any individual or entity in carrying out the program.

The committee understands that the new aid agency plans to make the fullest practicable use of the services of expert, technical personnel of existing international organizations such as the IBRD and the IMF. Such personnel can be of considerable assistance in investigating and developing the details of self-help measures such as the fiscal and monetary reforms, auxiliary tax laws, and so forth, which ought to be undertaken by recipient countries as an essential condition of our long-term assistance.

The committee believes that the greatest practicable use should be made under this section of the services and facilities of voluntary agencies.

Subsection (c) authorizes the President to accept and use donations in connection with the program.

Subsection (d) authorizes payment of the cost of health and accident insurance for foreign participants in technical assistance activities while such participants are absent from their homes. This authority is now found in section 537(b) of the Mutual Security Act. The insurance provided costs an average of \$35 per year per participant, or a total in fiscal 1961 of \$240,000.

Subsection (e) provides for the admission to the United States of foreign participants as nonimmigrants under the Immigration and Nationality Act under conditions to be prescribed by the Secretary of State and the Attorney General. Similar authority now exists with respect to persons brought to the United States under the Smith-Mundt Act, but not with respect to persons brought here under the foreign aid program.

Subsection (f) provides authorities generally similar to those now vested in the DLF in connection with making loans. The President may issue letters of credit and letters of commitment, collect or compromise obligations, acquire and dispose of property (except equity security), and—subject to the laws applying to Government corporations—determine the manner in which loan expenditures shall be paid. Paragraph (5) of subsection (f) provides that lending operations are to be accounted for in accordance with the Government Corporation Control Act and are to be audited by the General Accounting Office.

Subsection (g) provides that contracts involving funds for development grants, development research, or military assistance may extend for 5 years, subject to future congressional action. This is an enlargement of the present law, which provides that technical assistance contracts may extend for 3 years (sec. 307(a), Mutual Security Act).

Subsection (h) provides for the settlement or arbitration of claims arising from the investment guaranty program on such terms and conditions as the President may direct. This authority may be particularly useful in the event that claims based upon disputed facts arise under the broadened investment guaranties provided by this bill.

Subsection (i) exempts operations under the bill from the Johnson Act (18 U.S.C. 955), which prohibits American citizens from making loans to countries in default of their obligations to the U.S. Government. Without this exemption, private business would be prohibited from participating in the program in some countries, despite the emphasis which the bill puts on private participation. (See sec. 601 above.)

#### L. PROVISIONS ON USES OF FUNDS (SEC. 636)

This section specifies at length and in detail some of the uses to which foreign aid and related funds may be put. Most of these are now in existing law, and most of them are necessary either because of Comptroller General rulings or because of the specific requirements of other laws.

Subsection (a) deals with economic assistance and other specified funds. Paragraph (1) authorizes the rent of buildings and of space in buildings in the United States and the repair, alteration, and improvement of leased properties. The present law (sec. 537(a)(1) of the Mutual Security Act) is limited to authorizing payment of rents in the District of Columbia. The broader authority here provided would make possible the acquisition of warehouse space on the east and west coasts in connection with the proposed program for the advance acquisition of excess property. (See sec. 608 above.)

Paragraph (2) authorizes the payment of expenses of attendance at meetings concerned with the foreign aid program. It is identical to section 537(a)(2) of the Mutual Security Act.

Paragraph (3) authorizes contracting with individuals for personal services abroad, but provides that such individuals are not to be



considered U.S. Government employees for the purposes of the civil service or other laws. This is similar to, but more narrowly defined than, section 537(a)(3) of the Mutual Security Act.

Paragraph (4) authorizes the purchase, maintenance, operation, and hire of aircraft, but provides that aircraft for administrative purposes may be purchased only as specifically provided by law. This is identical to section 537(a)(4) of the Mutual Security Act.

Paragraph (5) authorizes the purchase and hire of passenger motor vehicles, but with several limitations. Except as may be otherwise provided by law, passenger cars for administrative purposes outside the United States may be purchased for replacement only. The cost of a car for a mission chief abroad cannot exceed \$3,500, and passenger cars for use in the United States may be purchased only as specifically provided by law. Special provision is made for a car for the head of the new aid agency. This paragraph is similar to section 537(a)(5) of the Mutual Security Act.

Paragraph (6) authorizes entertainment expenses of \$25,000 a year worldwide. The present law (sec. 537(a)(6) of the Mutual Security Act) limits the authorization to \$15,000 for entertainment in the United States. This is in addition to representation allowances which may be provided under sections 625(d)(2), 629(b), and 631(b). (See above.)

Paragraph (7) authorizes exchange of funds and loss by exchange. It is identical to section 537(a)(7) of the Mutual Security Act.

Paragraph (8) authorizes confidential expenditures of \$50,000 a year and is identical to section 537(a)(8) of the Mutual Security Act.

Paragraph (9) authorizes insurance of official motor vehicles and aircraft abroad. Existing law (sec. 537(a)(9) of the Mutual Security Act) limits this authority to motor vehicles.

Paragraph (10) authorizes the rent or lease abroad for up to 10 years of offices, buildings, grounds, and living quarters. It also authorizes expenses for furnishing, maintaining, and improving such facilities, including those which are made available to the United States on a basis other than rent or purchase. Lease payments may be made in advance. The existing law (sec. 537(a)(10) of the Mutual Security Act) does not contain this authority for advance payments or the 10-year limitation on leases; neither does it contemplate the use of buildings other than those owned or rented, for example, those which may be made available by the country receiving aid.

Paragraph (11) authorizes expenses incident to the death of persons and dependents who die away from home while participating in the economic assistance program. This authority includes the costs of caring for and disposing of the remains of such persons, including preparing and transporting the remains to the persons' former homes. In the case of foreign participants, transport to a place of burial other than the former home is also authorized. This latter provision is the only new authority compared to what is now provided by section 537(a)(11) of the Mutual Security Act.

Paragraph (12) authorizes purchase of uniforms and is identical to section 537(a)(12) of the Mutual Security Act.

Paragraph (13) authorizes payment of per diem living allowances to foreign participants away from their homes in countries other than the United States at rates not exceeding those provided by the standardized Government travel regulations. It is identical to section 537(a)(13) of the Mutual Security Act.

Paragraph (14) authorizes use of economic assistance and certain other specified funds in accordance with authorities of the Foreign Service Act, not otherwise provided for. This is a catchall provision, similar to section 537(a)(14) of the Mutual Security Act.

Paragraph (15) authorizes purchase of ice and drinking water for use outside the United States and is similar to section 537(a)(15) of the Mutual Security Act.

Paragraph (16) authorizes payment for the services of commissioned officers of the Coast and Geodetic Survey. It also authorizes the Survey to appoint up to 20 officers in addition to those otherwise authorized. Similar authority is provided by section 537(a)(16) of the Mutual Security Act which also authorizes an additional 20 officers of the Public Health Service. This latter authority is not carried forward, because the Department of Health, Education, and Welfare is now considered to have adequate authority to provide these public health officers.

Paragraph (17) authorizes payment of foreign travel expenses, including the costs of transporting personal effects and household goods, and the expenses of transporting and/or storing automobiles. The paragraph is designed especially to meet situations when the travel or transportation begins in one fiscal year and is completed in another. It is generally similar to existing law (sec. 537(a)(17) of the Mutual Security Act). The committee expects this authority to be used to provide transportation at reasonable rates.

Subsection (b) authorizes both economic and military assistance funds to be used for personal compensation, allowances, and travel; and for printing and binding without regard to any other law. This means primarily the law requiring all printing to be done by the Government Printing Office, a procedure which is not always practicable. The subsection also provides that such laws as may be necessary may be waived in connection with expenditures abroad for supplies, services, and other administrative and operating expenses, other than compensation of personnel. This subsection is substantially identical to section 411(d) of the Mutual Security Act.

Subsection (c) authorizes up to \$4 million a year to be used for the construction or other acquisition abroad of living quarters, office space, supporting facilities, schools, dormitories, boarding facilities, and hospitals for use by U.S. Government employees and their dependents. These funds may also be used to equip, staff, operate, and maintain schools and hospitals under this provision. All of this may be done without regard to any other law. Section 537(c) of the Mutual Security Act now provides authority to use up to \$27,750,000 of Korean assistance funds for comparable facilities in Korea, and up to \$4,250,000 of other funds for comparable facilities elsewhere, but the only law which is waived is section 406(a) of Public Law 85-241 which deals with military construction. The authority given here is to use funds available under the bill (other than those for development loans). This subsection does not authorize additional funds.

Subsection (d) makes available up to \$1.5 million of the funds available under the bill (other than for development loans) for use in any fiscal year to provide assistance to schools abroad in lieu of acquiring or building schools under the authority of subsection (c). This authority, which has no counterpart in existing legislation, is especially needed in Africa.



Subsection (e) provides authority for paying the costs of training American citizens engaged in the foreign aid program at State, local, or private institutions. This subsection is substantially identical to section 537(e) of the Mutual Security Act. It includes authority, which the committee hopes will be used, to provide training in the techniques of organizing and operating credit unions, cooperatives, and similar institutions.

Subsection (f) authorizes the use of development grant funds for nonadministrative expenses in connection with development loans, disposal of surplus agricultural commodities under Public Law 480, and functions under the act to provide for assistance in the development of Latin America and in the reconstruction of Chile. This authority is designed to pay for technical experts and other expenses not included in the administrative budget to assist in the effective utilization of assistance.

Subsection (g) deals with the uses of funds made available for military assistance.

Paragraph (1) authorizes the use of these funds for administrative, extraordinary, and operating expenses. Section 103(b) of the Mutual Security Act now provides authority to use military assistance funds for administrative and operating expenses. The addition of the word "extraordinary" is designed to allow the military assistance program to provide limited spending money for foreign military trainees who come to the United States so that those trainees may acquire a greater exposure to American culture. There are more than 20,000 of these trainees and other military visitors a year. The committee has inserted a limitation of \$300,000 and expects a report after 6 months on how the funds have been used.

Paragraph (2) authorizes the reimbursement of actual expenses of military officers assigned as tour directors in connection with orientation visits of foreign military personnel. This provision has no counterpart in existing law, but the committee feels it is necessary in order to provide a proper reception for foreign military personnel without imposing an undue hardship on American officers.

Paragraph (3) authorizes the maintenance, repair, alteration, and furnishing of U.S.-owned facilities for the training of foreign military personnel, without regard to other provisions of law. This is designed to make it possible for the United States to provide facilities for an Inter-American Defense College should such an institution materialize.

#### M. ADMINISTRATIVE EXPENSES (SEC. 637)

This section authorizes appropriations of \$51 million for administrative expenses for the agency in charge of economic assistance. It is proposed to add to that amount unobligated balances currently estimated to be \$1 million, thus providing \$52 million for administrative expenses. This authorization is for the administrative expenses of programs well in excess of \$3 billion (including functions under Public Law 480 and the special Latin American program), and is somewhat less than 2 percent of the value of the programs to be administered.

## PART III

## CHAPTER 3. MISCELLANEOUS PROVISIONS

## A. EFFECTIVE DATE (SEC. 641)

The section provides that the bill shall be effective as of the date of its enactment and may be cited as the "Foreign Assistance Act of 1961." It also provides that the foreign assistance program shall be identified appropriately overseas as American Aid.

## B. STATUTES REPEALED (SEC. 642)

This section repeals earlier foreign aid legislation and reorganization plans replaced by this bill.

Subsection (a) spells out what is repealed. This is:

(1) Reorganization Plan No. 7 of 1953, which provided for the organization of the Foreign Operations Administration and from which much of the authority for the International Cooperation Administration is derived. This is replaced by the organizational structure provided in sections 621 and 624 of the bill.

(2) The Mutual Security Act of 1954, as amended, which is the basic foreign aid legislation. Certain sections of this act, however, are specifically continued in force. These are:

Section 143, which provides conditions for assistance to Yugoslavia.

Section 402, which earmarked \$175 million of foreign aid funds in fiscal 1961 for financing the export and sale for foreign currencies or the grant of surplus agricultural commodities. Although this provision, which applied only to fiscal 1961 is obsolete, the section also contains authority for the subsequent use of the foreign currencies received for surplus commodities, as well as a statement that such commodities available for transfer abroad under any act may also be made available to the maximum extent practicable to eligible domestic recipients or to needy persons in the United States.

Section 405(a), which authorizes U.S. membership in the Intergovernmental Committee for European Migration and appropriation for the expenses incident thereto.

Section 405(c), which authorizes appropriations for fiscal 1961 for contributions to the program of the U.N. High Commissioner for Refugees.

Section 405(d), which authorizes appropriations for the fiscal year 1961 for the escapee program.

Section 408, which authorizes U.S. participation in NATO and appropriations for expenses incident thereto.

Section 414, which provides permanent authority for the control of exports and imports of arms, ammunition, and implements of war.

Section 417, which authorizes disposition of the unencumbered balance of Irish pounds remaining from the Irish counterpart account accumulated during the European recovery program.

Section 502(a), which provides authority for the use of foreign currency accruing under the provisions of section 550 of the Mutual Security Act of 1951, as amended, which provided for the sale of surplus agricultural commodities for foreign currency.

Section 502(b), which authorizes the use of foreign currency by congressional committees.



Section 514, which requires, upon request from the Secretary of State, reservation of foreign currencies for international educational exchange activities.

Section 523(d), which is amended. (See sec. 707 below.)

Section 533A, which provides for the Office of the Inspector General and Comptroller and prescribes its functions. In leaving this section in the law, the committee intends that this Office, which has recently fallen into disuse, should be reinvigorated without relieving either the new aid agency or the Department of Defense of the obligation of conducting their own investigations and evaluations.

Section 536, which authorizes U.S. participation in the Joint Commission on Rural Reconstruction in China.

Section 552, which prohibits assistance to Cuba unless the President determines it to be in the national and hemispheric interest of the United States.

Other statutes repealed are:

(3) Section 12 of the Mutual Security Act of 1955 which declares that the Communist regime should not be recognized to represent China in the United Nations. This statement has subsequently been reiterated.

(4) Sections 12, 13, and 14 of the Mutual Security Act of 1956. Section 12 authorizes peaceful atomic energy research reactor projects which have subsequently been carried out, thereby rendering the section obsolete. Section 13 recommended the transfer of up to \$11 million of fiscal year 1957 mutual security funds to the Department of State for international educational exchange activities, and is also obsolete. Section 14 expressed the sense of Congress that in the preparation of the mutual security program the President should take affirmatively into account the desirability of promoting the economic development of underdeveloped countries. This provision also has served its purpose.

(5) Section 503 of the Mutual Security Act of 1958, which expressed the sense of Congress that the President should seek to strengthen cooperation in the Western Hemisphere by encouraging joint programs of technical and economic development. This provision has largely been met by the Act of Bogotá and implementing legislation.

(6) Section 108 of the Mutual Security Appropriation Act, 1959, which authorizes not to exceed 50 percent of the foreign currencies generated by sales of surplus agricultural commodities under section 402 to be used in accordance with the provisions of that section.

(7) Section 501(a), Chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959. Section 501(a) is a policy statement to the effect that it is the policy of the United States to accelerate its efforts to encourage and support international health programs. Chapter VI provided for a study, which has since been made, of the feasibility of a Center for Cultural and Technical Interchange between East and West. Section 702 authorized appropriations for expenses incident to the annual meeting of the NATO Parliamentarians' Conference in Washington in 1959. Section 703 authorized the use of \$10 million of Mutual Security funds in connection with the World Refugee Year, which has since passed.

(8) Section 604 and chapter VIII of the Mutual Security Act of 1960. Section 604 directed a study of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities.

The study has been made, and its results are partially apparent in this bill. Chapter VIII authorized a study of the feasibility of a hemisphere center for cultural and technical interchange.

Subsections (b) and (c) of section 642 are in effect saving provisions. They transfer to this bill the references in law to acts or provisions of acts which are repealed, and they provide that the repeal of these acts shall not affect amendments to other acts contained in such acts.

#### C. SAVING PROVISIONS (SEC. 643)

This section is designed to preserve continuity in the foreign aid program during the period of transition from prior legislation to the pending bill.

Subsection (a) provides that, except as otherwise specified in the bill, all actions taken under legislation repealed by the bill will continue in effect until modified by appropriate authority.

Subsection (b) provides that wherever provisions of the bill establish conditions for the use of authority or funds, compliance with substantially similar conditions in repealed acts will suffice. This provision will make it unnecessary to renegotiate numerous executive agreements relating to the foreign aid program.

Subsection (c) provides that funds made available pursuant to the Mutual Security Act of 1954, as amended, shall continue available unless otherwise provided by law.

Subsection (d) is a special provision relating to the Peace Corps. This agency was created under authority of the Mutual Security Act, which is repealed by this bill; and without a provision such as is contained in subsection (d), the Peace Corps would automatically expire with the enactment of this bill. Subsection (d) preserves the Peace Corps in status quo until the enactment of permanent Peace Corps legislation or the adjournment of this session of Congress, whichever is earlier. Thus, if Congress adjourns without enacting Peace Corps legislation, the corps is dead in any event.

#### D. DEFINITIONS (SEC. 644)

This section defines 13 terms used throughout the bill.

(a) "Agency of the United States Government" is to include "any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment" of the Government.

(b) "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" means "any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance."

(d) "Defense article" means—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed \* \* \* ; or

(4) any component or part of any article listed \* \* \* .



It is specifically provided that "defense article" shall not mean merchant vessels or source material, byproduct material, special nuclear material, or atomic weapons as defined by the Atomic Energy Act.

(e) "Defense information" is to include "any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service." But it does not include restricted data and formerly restricted data under the terms of the Atomic Energy Act.

(f) "Defense service" means "any service, test, inspection, repair, training, training aid, publication, or technical or other assistance." This includes limited quantities of defense articles for test, evaluation, or standardization, as well as defense information.

(g) "Excess defense articles" means defense articles owned by the United States in excess of the mobilization reserve.

(h) "Function" means "any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity."

(i) "Mobilization reserve" means the defense articles determined to be required, in accordance with Presidential regulations, to support mobilization of the Armed Forces in the event of war or national emergency.

(j) "Officer or employee" means members of the Armed Forces and civilian personnel of the U.S. Government.

(k) "Services" means "any service, repair, training of personnel, or technical or other assistance or information used for the purpose of furnishing nonmilitary assistance."

(l) "Surplus agricultural commodity" is defined to mean—

any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" is given two definitions, depending on whether it refers to excess or nonexcess defense articles. With respect to excess defense articles, it means, "the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles." With respect to nonexcess defense articles, it means "the price obtaining for transfers of such articles between the Armed Forces" or, where such transfers do not take place, "the gross cost to the United States Government adjusted as appropriate for condition and market value."

These definitions do not differ in substance from those in existing law, though they have been clarified in some respects.

#### E. UNEXPENDED BALANCES (SEC. 645)

This has become a standard section in foreign aid legislation authorizing the continued availability of unexpended balances. In this case it applies to funds made available under the Mutual Security Act of 1954, which is repealed by this bill. These balances may be consolidated with each other and with appropriations for the same general purposes under this bill.

## F. CONSTRUCTION (SEC. 646)

This section is a standard separability provision to the effect that the invalidity of any provision of the act or of its application to any persons or circumstances shall not affect the remainder of the act or the applicability of such provision to other persons or circumstances.

## PART IV. AMENDMENTS TO OTHER LAWS

A. FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949  
(SEC. 701)

This section amends section 203 of the Federal Property and Administrative Services Act of 1949, as amended, which deals with the disposal of surplus property. A new subsection (p) would be added to section 203 authorizing foreign currency to be accepted in the disposal of surplus property. The purpose of this amendment is to make it easier for private business in underdeveloped areas to acquire surplus property in cases in which private businesses could pay for the property in foreign currency but not in dollars. This is consistent with the emphasis in the bill on encouraging the growth of free enterprise in underdeveloped countries, although the amendment is not limited to sales to private business.

## B. MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951 (SEC. 702)

Section 702 of the bill amends the Mutual Defense Assistance Control Act (the Battle Act) so as to authorize appropriation to the Department of State of funds necessary for administering the act. This amendment is effected by striking out the existing section 305 of the Battle Act and inserting appropriate authorizing language. Section 305 of the Battle Act as it now reads repeals certain other provisions of law, which have not been in effect for several years. In order to preserve this repealing action, section 702(b) of the bill provides that it shall continue in effect. This is a technical change without substantive effect.

C. AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954  
(SEC. 703)

Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) now makes available up to 25 percent of the foreign currencies received from sales of surplus agricultural commodities under title I of that law for loans to private business abroad. These loans, under the terms of the existing law, are made by the Export-Import Bank. Under the amendment made by section 703 of the bill, these loans will be made by "such agency as the President shall direct"; so that it could be the Export-Import Bank or some other agency. The agency contemplated to make these loans is the new aid agency.



D. JOINT RESOLUTION TO PROMOTE PEACE AND STABILITY IN THE  
MIDDLE EAST (SEC. 704)

This joint resolution, which was passed in 1957 to meet an emergency situation in the Middle East, requires reports from the President to Congress in the months of January and July of each year. Although it is considered advisable to retain some of the authority of this resolution, this authority is now infrequently exercised. The amendment made by section 704 will require the President to report to Congress "whenever appropriate" instead of in January and July. By "whenever appropriate," the committee means whenever he uses the authority of the joint resolution or takes action under it.

E. INTERNATIONAL HEALTH RESEARCH ACT OF 1960 (SEC. 705)

This section amends the International Health Research Act of 1960 to authorize the President to delegate his authority under that act to any officer or head of agency as he deems appropriate, as well as to the Secretary of Health, Education, and Welfare. Experience has demonstrated that in some instances it may be more appropriate for functions under this act to be carried out by an agency (e.g., the new aid agency) other than the Department of Health, Education, and Welfare.

F. ACT TO PROVIDE FOR ASSISTANCE IN THE DEVELOPMENT OF LATIN  
AMERICA (SEC. 706)

When Congress passed the Act for Latin American Development and Chilean Reconstruction last year it inadvertently omitted basic authority similar to that provided in part III of this bill. The amendment made by section 706 corrects this legislative oversight by permitting the use of such funds pursuant to such provisions of the foreign aid bill as the President determines to be necessary.

G. IMPROPER CURRENCY TRANSACTIONS ABROAD (SEC. 707)

Last year the committee inserted, and the Congress approved, section 523(d) of the Mutual Security Act providing that, whenever the President determined that the achievement of United States foreign policy objectives in a given country so required, he could direct the Ambassador there to issue regulations applicable to members of the Armed Forces, to U.S. Government officers and employees, and to U.S. Government contractors and their employees, governing the extent to which their pay and allowances received and to be used in that country should be paid in local currency.

This provision was motivated by a glaring scandal involving Air Force personnel in black-market currency operations in Turkey. Although no further scandals have come to light, the committee is not satisfied that the concern which it expressed a year ago has been taken sufficiently to heart by the executive branch. No regulations have been issued under the authority of section 523(d). The committee has therefore narrowed the criteria to be observed. Instead of providing that these regulations may be issued—

whenever the President determines that the achievement of U.S. foreign policy objectives in a given country requires it—

the new language provides that they may be issued—

whenever the President determines that prevention of improper currency transactions in a given country requires it.

The committee expects a report within a reasonable time on action taken under this section.

## 6. CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### REORGANIZATION PLAN NO. 7 OF 1953

(Prepared by the President and transmitted to the Senate and House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended. Effective August 1, 1953)

#### 【FOREIGN OPERATIONS ADMINISTRATION

【SECTION 1. *Establishment of Foreign Operations Administration.*

(a) There is hereby established a new agency which shall be known as the Foreign Operations Administration, hereinafter referred to as the "Administration."

【(b) There shall be at the head of the Administration a Director of the Foreign Operations Administration, hereinafter referred to as the "Director." The Director shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of \$22,500 a year. The Secretary of State shall advise with the President concerning the appointment and tenure of the Director.

【(c) There shall be in the Administration a Deputy Director of the Foreign Operations Administration, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$15,000 a year. The Deputy Director shall perform such functions as the Director shall from time to time designate, and shall act as Director during the absence or disability of the Director or in the event of a vacancy in the office of Director.

【(d) There are hereby established in the Administration six new offices with such title or titles as the Director shall from time to time determine. Appointment thereto shall be by the President, by and with the advice and consent of the Senate. The compensation for each of two of the said offices shall be at the rate of \$16,000 a year and the compensation for each of the other four offices shall be at the rate of \$15,000 a year. The persons appointed to the said new offices shall perform such functions as the Director shall from time to time designate, and are authorized to act as Director, as the Director may designate, during the absence or disability of the Director and the Deputy Director or in the event of vacancies in the offices of Director and Deputy Director.

【SEC. 2. *Transfer of functions to the Director.* There are hereby transferred to the Director:



[(a) All functions vested by the Mutual Security Act of 1951, as amended, or by any other statute in the Director for Mutual Security provided for in section 501 of that Act, or in the Mutual Security Agency created by that Act, or in any official or office of that Agency, including the functions of the Director for Mutual Security as a member of the National Security Council.

[(b) All functions vested by the Mutual Defense Assistance Control Act of 1951 in the Administrator created by that Act.

[(c) The functions vested by section 6 of the Yugoslav Emergency Relief Assistance Act of 1950 in the Secretary of State.

[SEC. 3. *Institute of Inter-American Affairs.* The Institute of Inter-American Affairs, together with its functions, is hereby transferred to the Administration. All functions vested by the Institute of Inter-American Affairs Act in the Secretary of State are hereby transferred to the Director. Functions with respect to serving as employees of the said Institute or as members of the board of directors thereof, including eligibility, as the case may be, to be detailed as such employees or to serve as such members, are hereby transferred from the officials and employees of the Department of State to the officials and employees of the Administration. The Institute shall be administered subject to the direction and control of the Director.

[SEC. 4. *National Advisory Council.* The Director shall be a member of the National Advisory Council on International Monetary and Financial Problems (22 U.S.C. 286b).

[SEC. 5. *Performance of functions transferred to the Director.* The Director may from time to time make such provisions as he shall deem appropriate authorizing the performance by another officer or by any employee or organizational entity, of the Administration, of any function of the Director, except the function of being a member of the National Security Council and the function of being a member of the National Advisory Council on International Monetary and Financial Problems.

[SEC. 6. *Transfer of functions to the President.* All functions vested in the Secretary of State by the United Nations Palestine Refugee Aid Act of 1950 are hereby transferred to the President.

[SEC. 7. *Incidental transfers.* (a) Personnel, property, records, and unexpended balances of appropriations, allocations, and in other funds, employed, used, held, available, or to be made available in connection with functions transferred or vested by this reorganization plan shall be transferred, at such time or times as the Director of the Bureau of the Budget shall direct, as follows:

[(1) So much of those relating to functions transferred to or vested in the Director or the Administration as the Director of the Bureau of the Budget shall determine shall be transferred to the Administration.

[(2) Those of the Institute of Inter-American Affairs shall be transferred along with the Institute.

[(3) So much of those relating to the functions transferred by section 6 hereof as the Director of the Bureau of the Budget shall determine shall be transferred to the agency or agencies of the Government to which the President delegates the said functions.

[(b) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

**[SEC. 8. Abolitions.** (a) There are hereby abolished:

**[(1)** The offices of Director for Mutual Security and Deputy Director for Mutual Security, provided for in sections 501 and 504, respectively, of the Mutual Security Act of 1951, as amended (including the organization in the Executive Office of the President known as the Office of the Director for Mutual Security).

**[(2)** The Mutual Security Agency.

**[(3)** The title of Administrator provided for in the Mutual Defense Assistance Control Act.

**[(4)** The four positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended.

**[(5)** The offices of Administrator and Deputy Administrator for Technical Cooperation, provided for in section 413(a) of the Act for International Development, as amended, together with the functions vested in the Administrator by the said section 413(a), as amended.

**[(6)** The offices of the Special Representative in Europe and Deputy Special Representative in Europe, provided for in section 504(a) of the Mutual Security Act of 1951, as amended. The abolition of the said offices of Representatives, and Deputy Representative shall become effective on September 1, 1953 (unless a later date is required by the provisions of section 6(a) of the Reorganization Act of 1949, as amended).

**[(b)** The Director shall wind up any outstanding affairs of the aforesaid abolished agencies and offices not otherwise provided for in this reorganization plan.

**[SEC. 9. Interim provisions.** The President may authorize the persons who, immediately prior to the effective date of this reorganization plan, hold offices or occupy positions abolished by section 8 hereof to hold offices and occupy positions under section 1 hereof until the latter offices and positions are filled pursuant to the provisions of the said section 1 or by recess appointment, as the case may be, but in no event for any period extending more than 60 days after the said effective date, as follows:

**[(a)** The Director and Deputy Director for Mutual Security as the Director and Deputy Director of the Foreign Operations Administration, respectively.

**[(b)** The Administrator for Technical Cooperation and the person occupying the senior position provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the two senior positions created by section 1(d) thereof.

**[(c)** The Deputy Administrator for Technical Cooperation and the persons occupying the three positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the four positions created by section 1(d) hereof which have compensation at the rate of \$15,000 a year.]

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## MUTUAL SECURITY ACT OF 1954, AS AMENDED

**AN ACT** To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* **[That this Act may be cited**



as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

### TABLE OF CONTENTS

Chapter I—MILITARY ASSISTANCE

Chapter II—ECONOMIC ASSISTANCE

Title I—DEFENSE SUPPORT

Title II—DEVELOPMENT LOAN FUND

Title III—TECHNICAL COOPERATION

Title IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

Chapter III—CONTINGENCY FUND

Chapter IV—GENERAL AND ADMINISTRATIVE PROVISIONS

**[SEC. 2. STATEMENT OF POLICY.—**(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

**[(b)** Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communists intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

**[(c)** Programs authorized by this Act continue to serve the following principal purposes:

**[(1)** The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

**[(2)** The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

[(d) It is the sense of the Congress that inasmuch as—

[(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

[(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

[(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

[(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

[(f) It is the sense of the Congress that inasmuch as—

[(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and

[(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

## [CHAPTER I—MILITARY ASSISTANCE

[SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the



United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

【The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

【The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

【SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

【SEC. 103. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

【(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

【(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish mili-

tary assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

[(d) The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed \$55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(e) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.

[SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000, less amounts already contributed for such purpose. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

[(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

[(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

[SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.



[(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

[(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

[(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

[(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

[(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics.

[(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

[SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the

President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

[(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

[(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

[SEC. 107. WAIVERS OF LAW.—(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307(a), and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

[(b) Notwithstanding the provisions of title 10, United States Code, sections 3544(b) and 8544(b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.]

SEC. 108. TRANSFERS OF MILITARY EQUIPMENT TO JAPAN.—\* \* \*  
(Repealed—1957)



CHAPTER 2—SOUTHEAST ASIA AND THE WESTERN PACIFIC, AND  
DIRECT FORCES SUPPORT.—\* \* \* (*Repealed—1957*)

【CHAPTER II—ECONOMIC ASSISTANCE

【TITLE I—DEFENSE SUPPORT

【SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort: *Provided*, That either all documents, papers, communications, audits, reviews, findings, recommendations, reports and other material which relate to operations or activities under this title are furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this title, upon request of the General Accounting Office or such committee or subcommittee as the case may be, or the President certifies that he has forbidden the information to be furnished pursuant to such request and gives his reasons for doing so. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

【(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 to carry out the purposes of this section not to exceed \$675,000,000, which shall remain available until expended.

【(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

【(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.】

SEC. 132. KOREAN PROGRAM.—\* \* \* (*Repealed—1957*)

【SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing

such assistance will strengthen the security of the United States and promote world peace. No defense support or military equipment and materials shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

**[SEC. 142. AGREEMENTS.—(a)** No defense support or military equipment and materials shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

**[(1)** join in promoting international understanding and good will, and maintaining world peace;

**[(2)** take such action as may be mutually agreed upon to eliminate causes of international tension;

**[(3)** fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

**[(4)** make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

**[(5)** take all reasonable measures which may be needed to develop its defense capacities;

**[(6)** take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;

**[(7)** impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;

**[(8)** maintain the security of any article, service, or information furnished under chapter I;

**[(9)** furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;

**[(10)** permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

**[(b)** In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

**[(i)** deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

**[(ii)** make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided,*



That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

[(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.】

SEC. 143. ASSISTANCE TO YUGOSLAVIA.—In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

【SEC. 144. SOUTHEAST ASIA.—Assistance under this title or chapter I shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

#### 【TITLE II—DEVELOPMENT LOAN FUND

【SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of

assistance to such people if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climax favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry. The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing. It is the sense of the Congress, that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field.

**[SEC. 202. GENERAL AUTHORITY.—**(a) To carry out the purpose of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the “Development Loan Fund” (hereinafter referred to in this title as the “Fund”) which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

**[**(b) The Fund is hereby authorized to make loans, credits, or guarantees, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import



Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

[(c) The Fund shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an exconomically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

[SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961.

[SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

[(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

[(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

[SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the “Board”) consisting of the Secretary of State, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

[(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

[(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any per-



son, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptance including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.

[(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C.

2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

[(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

[SEC. 206. NATIONAL ADVISORY COUNCIL.—The fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

### [TITLE III—TECHNICAL COOPERATION

[SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

[SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means



programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agricultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

**[SEC. 303. PREREQUISITES TO ASSISTANCE.]**—Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

**[(a)]** pays a fair share of the cost of the program;

**[(b)]** provides all necessary information concerning such program and gives the program full publicity;

**[(c)]** seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

**[(d)]** endeavors to make effective use of the results of the program; and

**[(e)]** cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

**[SEC. 304. AUTHORIZATION.]**—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed \$172,000,000 for use beginning in the fiscal year 1961 to carry out the purposes of this title.

**[SEC. 305. LIMITATION ON USE OF FUNDS.]**—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

**[SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.]**—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

**[(a)]** \$33,000,000 for the fiscal year 1961 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, that, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for

such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

[(b) \$1,500,000 for the fiscal year 1961 for contributions to the technical cooperation program of the Organization of American States.]

[SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—(a) The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.]

[(b) The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed \$10,000 from funds made available pursuant to section 304 of this Act may be used to help defray the expenses of such a study.]

SEC. 308 INTERNATIONAL DEVELOPMENT ADVISORY BOARD.— \* \* \*  
(Repealed—1960)

#### [TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS]

[SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$256,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.]

[(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.]



[(c) The President is authorized to use not to exceed \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.]

[SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1961 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.]

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year 1961 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies or the grant of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.

**[SEC. 403. RESPONSIBILITIES IN GERMANY.—**The President is hereby authorized to use during the fiscal year 1961 not to exceed \$6,750,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.]

**[SEC. 404. INDUS BASIN DEVELOPMENT.—**The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.]

**SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—**(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

**[**(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.]



(c) There is hereby authorized to be appropriated for the fiscal year 1961 not to exceed \$1,300,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

**[SEC. 406. CHILDREN'S WELFARE.—**There is hereby authorized to be appropriated not to exceed \$12,000,000 for the fiscal year 1961 for contributions to the United Nations Children's Fund.

**[SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—**There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$16,500,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. It is the sense of the Congress that the earliest possible rectification should be made of the Palestine refugee rolls in order to assure that only bona fide refugees whose need and eligibility for relief have been certified shall receive aid from the Agency and that the President in determining whether or not to make United States contributions to the Agency should take into consideration the extent and success of efforts by the Agency and the host governments to rectify such relief rolls. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act a report concerning the progress made toward the rectification of the relief rolls as well as toward the repatriation and resettlement of the refugees by the governments directly concerned. Whenever the President shall determine that it would more effectively contribute to the relief, repatriation, and resettlement of Palestine refugees in the Near East he may expend any part of the funds made available pursuant to this section through any other agency he may designate.]

**SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—**(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the

rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than five years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922.)

**[SEC. 409. OCEAN FREIGHT CHARGES.—**(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas, or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points of entry in such nations and areas, on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

**[(b)** Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

**[(c)** There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$2,000,000 to carry out the purposes of this section.

**[(d)** In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.]

**SEC. 410. CONTROL ACT EXPENSES.—**\* \* \* (Repealed—1959)

**[SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—**(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

**[(b)** There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$40,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance.

**[(c)** There are authorized to be appropriated for expenses of the Department of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense



Assistance Control Act of 1951 in such amounts as the President may direct.

[(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.]

SEC. 412. CHINESE AND KOREAN STUDENTS.—\* \* \* (Repealed—1957)

SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—\* \* \* (Repealed—1960)

[SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

[(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

[(1) shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

[(2) shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

[(3) shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

[(4) may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30,

1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That*—

[(A)] such projects shall be approved by the President as furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act, and by the nation concerned;

[(B)] the guaranty to any person shall be limited to assuring any or all of the following:

[(i)] the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

[(ii)] the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

[(C)] when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

[(D)] the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

[(E)] a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided, That* in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

[(F)] the President is authorized to issue guaranties up to a total face value of \$1,000,000,000 exclusive of informational media guaranties heretofore and hereafter issued pur-



suant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(C)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

[(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act;

[(H) as used in this paragraph—

[(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

[(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

[(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct annual studies to keep the data up to date of the ways and means in which the role of private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus, and to the net position of the United States in its balance of trade with the rest of the world. Such studies shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.

[(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof.]

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government



agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully, in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

[SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.]

[SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.]

SEC. 417. IRISH COUNTERPART.—Pursuant to section 115(b)(6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry;

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

SEC. 418. PRESIDENT'S FUND FOR ASIAN ECONOMIC DEVELOPMENT.—\* \* \* (Repealed—1956)

SEC. 419. WORLD HEALTH ORGANIZATION.—\* \* \* (Repealed—1957)

【SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,400,000 to carry out the purposes of this section.

【(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

【(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

【SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economy resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II.】

SEC. 421. FOOD AND AGRICULTURE ORGANIZATION.—\* \* \* (Repealed—1957)

【SEC. 421. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose



of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

### 【CHAPTER III—CONTINGENCY FUND

【SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

【(b) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$150,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

【(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

## [CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS]

**[SEC. 501. TRANSFERABILITY OF FUNDS.—**Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.]

**SEC 502. USE OF FOREIGN CURRENCY.—**(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

(1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;

(2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of



the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

[(c) It is the sense of the Congress that prompt and careful consideration should be given to participation by the United States in an internationally financed program which would utilize foreign currencies available to the United States to preserve the great cultural monuments of the Upper Nile. Accordingly, the President is requested to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program.]

[SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

[(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or

[(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

[(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

[(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

[(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

[SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to

participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

[(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

[(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

[(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

[(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

[(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible. ]

(d) \* \* \* (Repealed—1960)

[SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including, cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

[(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign cur-



rencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

**[SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a)** As used in this section—

**[(1)** the term “invention” means an inventory or discovery covered by a patent issued by the United States; and

**[(2)** the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

**[(b)** Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

**[(1)** use within the United States, without authorization by the owner, shall be made of an invention; or

**[(2)** damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

**[(c)** Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

[(d) The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

[(e) Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

[SEC. 507. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

[SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

[SEC. 509. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities, materials, and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

[SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title I of chapter II of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base or to the net position of the United States in its balance of trade with the rest of the world, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by



grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

**[SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—**(a) No equipment or materials may be transferred under chapter I or title I of chapter II out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

**[(b)** Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such equipment, materials, or commodities or to appropriations currently available for such procurement.

**[(c)** The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

**[SEC. 512. PENAL PROVISION.—**Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530(a) of this Act.

**[SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—**When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds) and under the last clause of the second sentence of section 404, and copies of any certification as to loyalty under section 531 shall be filed with them.]

**SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—**Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

**[SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—**Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

**[SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—**None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142(b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

**[SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—**(a) After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I, II, or III (except section 306) of chapter II, or section 400(a)—



[(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

[(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis.

[(b) Plans required under this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in Circular A-47 of the Bureau of the Budget with respect to such computations.

[SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—(a) Except as provided in subsection (b) and section 413(b)(4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.

[(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

[(c) The President shall continue to exercise the powers conferred on him under title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

[SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—

(a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

[(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a

separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

[(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

[(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I, reimbursement or payment shall be made to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

[(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United State Government agency or on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documen-



tation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

[(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

[SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

[(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

[(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.]

(d) Whenever the President determines that the [achievement of United States foreign policy objectives] *prevention of improper currency transactions* in a given country requires it, he may direct the chief of the United States diplomatic mission there to issue regulations applicable to members of the Armed Forces and officers and employees of the United States Government, and to contractors with the United States Government and their employees governing the extent to which their pay and allowances received and to be used in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations.

[SEC. 524. THE SECRETARY OF DEFENSE.—(a) In the case of aid under chapter I of this Act, the Secretary of Defense shall have primary responsibility for—

- [(1) the determination of military end-item requirements;
- [(2) the procurement of military equipment in a manner which permits its integration with service programs;
- [(3) the supervision of end-item use by the recipient countries;
- [(4) the supervision of the training of foreign military personnel;
- [(5) the movement and delivery of military end-items; and
- [(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

[(b) The establishment of priorities in the procurement, delivery and allocation of military equipment shall be determined by the Secretary of Defense.

[SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

[SEC. 526. MISSIONS AND STAFFS ABROAD.—The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801), or (2) compensation and allowances in accordance with section 527(c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

[SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

[(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed seventy may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed forty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum.

[(c) For the purpose of performing functions under this Act outside the United States, the President may—

[(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the



rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder, including, in all cases, post differentials prescribed under section 433 of the Foreign Service Act, and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

[(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.

[(d) For the purpose of performing functions under this Act outside the United States, the Secretary of State may appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

[(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

[SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.— (a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided,* That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

[(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

**[SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—**(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

**[(b)** Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

**[(c)** Details or assignments may be made under this section—

**[(1)** without reimbursement to the United States by the international organization;

**[(2)** upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

**[(3)** upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

**[(4)** subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

**[SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—**(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be



employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas), while so employed outside the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

[(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160), and regulations issued thereunder

[SEC. 531. SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450, as amended or supplemented, shall apply to the employment under this Act by any agency administering nonmilitary assistance of any citizen or resident of the United States.

[SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530(a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U.S.C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U.S.C. 715), section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530(a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

[(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U.S.C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the

provisions of the Act of June 30, 1932 (5 U.S.C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer

**[SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—**Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.]

**SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—**(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;



(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

(9) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

(10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

**[SEC. 534. REPORTS.—**(a) The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each fiscal year of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

**[**(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

**[SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—**(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the

method of furnishing assistance under this Act to any country or the amount thereof.

[(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.]

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

[SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for Chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering non-military assistance, shall be available for:

[(1) rents in the District of Columbia;

[(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

[(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;

[(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

[(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

[(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);



[(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

[(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

[(9) insurance of official motor vehicles in foreign countries;

[(10) rental or lease outside the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

[(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

[(12) purchase of uniforms;

[(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

[(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

[(15) ice and drinking water for use abroad;

[(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

[(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage,

and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

[(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

[(b) United States Government agencies are authorized to pay the cost of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

[(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed \$27,750,000 of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$4,250,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

[(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

[(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an



employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

[(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.

[SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

[SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

[(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;

[(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

[(3) the Foreign Aid Act of 1947;

[(4) the Foreign Assistance Act of 1948, as amended, including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

[(5) the Mutual Defense Assistance Act of 1949, as amended;

[(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

[(7) the Far Eastern Economic Assistance Act of 1950, as amended;

[(8) the Yugoslav Emergency Relief Assistance Act of 1950;

[(9) the Mutual Security Act of 1951, as amended;

[(10) the Mutual Security Act of 1952;

[(11) the Mutual Security Act of 1953;

[(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U.S.C. 452);

[(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U.S.C. 165); and

[(14) section 968 of title 18, United States Code.

[(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

[(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).

[SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

[(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

[(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a)(2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

[(d) Funds appropriated pursuant to provisions of this Act repealed subsequent to the time such funds are appropriated shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations.

[SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U.S.C. 841).

[SEC. 545. DEFINITIONS.—For the purposes of this Act—

[(a) The term “commodity” includes any commodity, material, article, supply, or goods.

[(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.



[(c) The terms "equipment" and "materials" shall mean any arms ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

[(d) The term "mobilization reserve" as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

[(e) The term "excess" as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

[(f) The term "services" shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

[(g) The term "Armed Forces of the United States" shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

[(h) The term "value" means—

[(1) with respect to any excess equipment or materials furnished under chapter I the gross cost of repairing, rehabilitating, or modifying such equipment or materials prior to being so furnished;

[(2) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

[(3) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

[(4) with respect to any equipment or materials furnished under chapter I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or material) shall mean—

[(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

[(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

[(i) the term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

[(j) The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and any agency to which authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[(k) The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and any officer to whom authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

[(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).

[(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.]

SEC. 547. REDUCTION OF AUTHORIZATIONS.— \* \* \* (Repealed—1957)



**[SEC. 548. UNEXPENDED BALANCES.—**Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.]

**SEC. 549. SPECIAL PROVISIONS ON AVAILABILITY OF FUNDS.—** \* \* \*  
(Repealed—1959)

**[SEC. 550. INFORMATION POLICY.—**The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

**[SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—**The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses: *Provided, however,* That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act.]

**SEC. 552. ASSISTANCE TO CUBA.—**No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States.

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## SECTION 12 OF THE MUTUAL SECURITY ACT OF 1955

AN ACT To amend the Mutual Security Act of 1954, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1955".

\* \* \* \* \*

**[SEC. 12.** It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.]

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## SECTIONS 12, 13, AND 14 OF THE MUTUAL SECURITY ACT OF 1956

AN ACT To amend further the Mutual Security Act of 1954, as amended.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1956".

\* \* \* \* \*

## **[FOREIGN RESEARCH REACTOR PROJECTS**

**[SEC. 12. (a)** As one means of furthering peaceful uses of atomic energy on an international basis, there is hereby authorized to be

appropriated to the President for the fiscal year 1957 not to exceed \$5,950,000 for use by the President, on such terms and conditions as he may specify, for research reactor projects undertaken or authorized by foreign governments which shall have entered into agreements for cooperation with the Government of the United States concerning the peaceful uses of atomic energy.

[(b) Nothing in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954.

[(c) The United States share of the cost of any reactor made available to another government or to other governments under this section shall not exceed \$350,000.

[(d) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of the equipment furnished under this section as may be appropriately die-stamped as a product of the United States shall be so stamped.

[SEC. 13. It is the sense of Congress that not to exceed \$11,000,000 of the funds made available pursuant to the Mutual Security Act of 1954, as amended, for the fiscal year 1957 be transferred, in the discretion of the President, to the Department of State to carry out international educational exchange activities. Such amount is authorized to be transferred to and consolidated with funds made available to the Department of State for the fiscal year 1957 for the activities authorized by the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1431-1479), and by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)). The amount transferred pursuant to this section shall be in addition to funds otherwise appropriated for such activities, and not to exceed \$500,000 of the amount so transferred may be used for administrative expenses.

[SEC. 14. It is the sense of Congress that in the preparation of the mutual security program, the President should take fully into account the desirability of affirmatively promoting the economic development of under-developed countries, both as a means of effectively counteracting the increased political and economic emphasis of Soviet foreign policy and as a means of promoting fundamental American foreign policy objectives of political and economic self-determination and independence.]

## SECTION 503 OF THE MUTUAL SECURITY ACT OF 1958

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1958".

\* \* \* \* \*



## [COOPERATION IN WESTERN HEMISPHERE

[SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.]

## SECTION 108 OF THE MUTUAL SECURITY APPROPRIATION ACT, 1959

AN ACT Making appropriations for Mutual Security for the fiscal year ending June 30, 1959, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1959, namely:

### MUTUAL SECURITY

\* \* \* \* \*

[SEC. 108. Not to exceed 50 per centum of the foreign currencies heretofore generated in any country under section 402 of the Mutual Security Act of 1954, as amended, may, notwithstanding prior provisions of law, hereafter be used in accordance with the provisions of that section: *Provided*, That quarterly reports of the use of foreign currencies pursuant to this section shall be submitted to the Committees on Appropriations of the Senate and House of Representatives.]

This Act may be cited as the "Mutual Security Appropriation Act, 1959".

## SECTION 501(a), CHAPTER VI, AND SECTIONS 702 AND 703 OF THE MUTUAL SECURITY ACT OF 1959, AS AMENDED

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1959".

\* \* \* \* \*

### CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

#### INTERNATIONAL COOPERATION IN HEALTH

[SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas

to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.】

\* \* \* \* \*

#### COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

#### 【CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

##### 【STATEMENT OF PURPOSE

【SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as “the East”) through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

##### 【ESTABLISHMENT OF CENTER

【SEC. 602. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

【(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

【(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;



[(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

[(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.

### **[AUTHORIZATION OF APPROPRIATIONS**

**[SEC. 603.** There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.]

## **CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS**

### **AMENDMENTS TO OTHER LAWS**

**SEC. 701. \* \* \***

#### **[EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE**

**[SEC. 702.** There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

#### **[UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR**

**[SEC. 703.** Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.]

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## **SECTION 604 AND CHAPTER VIII OF THE MUTUAL SECURITY ACT OF 1960**

**AN ACT** To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1960".

\* \* \* \* \*

## CHAPTER VI—AMENDMENTS TO OTHER LAWS

\* \* \* \* \*

[SEC. 604. The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of the United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such study.]

## CHAPTER VII—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

\* \* \* \* \*

## [CHAPTER VIII—HEMISPHERE CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE

## [STATEMENT OF PURPOSE

[SEC. 801. The purpose of this chapter is to promote better relations and understanding between the United States and the other nations of the Western Hemisphere (hereinafter referred to as "the Hemisphere") through cooperative study and research, by establishing in Puerto Rico a Hemispheric Center for Cultural and Technical Interchange, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the Hemisphere may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

## [ESTABLISHMENT OF CENTER

[SEC. 802. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as "Secretary"), after consultation with appropriate public and private authorities, may, on or before January 3, 1961, prepare and submit to the Congress a plan and program for—

[(1) the establishment and operation in Puerto Rico of an educational institution to be known as the Hemispheric Center for Cultural and Technical Interchange through arrangements to be made with public, educational, or other nonprofit institutions;

[(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the Hemisphere as may be necessary to attract such scholars and authorities to the Center;

[(3) grants, scholarships, and other payments to qualified candidates from the nations of the Hemisphere as may be necessary to enable such students to engage in study at the Center; and



[(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.]

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## SECTION 305 OF THE MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951

AN ACT To provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Control Act of 1951".*

### TITLE I—WAR MATERIALS

\* \* \* \* \*

### TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

\* \* \* \* \*

[SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, Eightieth Congress), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Congress), are repealed.]

*SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act.*

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## SECTION 104(e) OF THE AGRICULTURAL TRADE DEVELOP- MENT AND ASSISTANCE ACT OF 1954, AS AMENDED

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".*

\* \* \* \* \*

### TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organiza-

tions of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

\*            \*            \*            \*            \*            \*

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by [the Export-Import Bank] *such agency as the President shall direct* for loans mutually agreeable to said [bank] *agency* and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

## SECTION 5 OF THE MIDDLE EAST RESOLUTION

JOINT RESOLUTION To promote peace and stability in the Middle East.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President be and hereby is authorized to cooperate with and assist any nation or group of nations in the general area of the Middle East desiring such assistance in the development of economic strength dedicated to the maintenance of national independence.

\*            \*            \*            \*            \*            \*

SEC. 5. The President shall [within the months of January and July of each year] *whenever appropriate* report to the Congress his action hereunder.

SEC. 6. This joint resolution shall expire when the President shall determine that the peace and security of the nations in the general area of the Middle East are reasonably assured by international conditions created by action of the United Nations or otherwise except that it may be terminated earlier by a concurrent resolution of the two Houses of Congress.

## SECTION 5(f) OF THE INTERNATIONAL HEALTH RESEARCH ACT OF 1960

JOINT RESOLUTION To establish a National Institute for International Health and Medical Research, to provide for international cooperation in health research, research training, and research planning, and for other purposes.

Whereas it is recognized that disease and disability are the common enemies of all nations and peoples, and that the means, methods,



and techniques for combating and abating the ravages of disease and disability and for improving the health and health standards of man should be sought and shared, without regard to national boundaries and divisions; and

Whereas advances in combating and abating disease and in the positive promotion of human health can be stimulated by supporting and encouraging cooperation among scientists, research workers, and teachers on an international basis, with consequent benefit to the health of our people and of all peoples; and

Whereas there already exist tested means for international cooperation in matters relating to health, including the World Health Organization, the Pan American Health Organization, and the United Nations Children's Fund (UNICEF), with which the United States is identified and associated, and it is highly desirable that the United States establish domestic machinery for the maximum mobilization of its health research resources, the more efficiently to cooperate with and support the research, research-training and research-planning endeavors of such international organizations: Therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SHORT TITLE

SECTION 1. This joint resolution may be cited as the "International Health Research Act of 1960".

\* \* \* \* \*

#### AUTHORITY OF PRESIDENT

SEC. 5. (a) It is the sense of Congress that the President should use his authority under the Constitution and laws of the United States to accomplish the purposes of section 2 of this joint resolution and in accomplishing such purposes (1) use to the fullest extent practicable foreign currencies or credits available for utilization by the United States, (2) enter into agreements to use foreign currencies and credits available to other nations for use with the agreement of the United States, and (3) use any other foreign currencies and credits which may be made available by participating foreign countries.

\* \* \* \* \*

(f) The President may delegate any authority vested in him by this section to the Secretary of Health, Education, and Welfare. The Secretary may from time to time issue such regulations as may be necessary to carry out any authority which is delegated to him under this section, and may delegate performance of any such authority to the Surgeon General of the Public Health Service, the Director of the Office of Vocational Rehabilitation, the Chief of the Children's Bureau or other subordinates acting under his direction. *The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate.*

## LATIN AMERICA AND CHILE DEVELOPMENT AND RECONSTRUCTION ASSISTANCE

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—



(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourages the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

#### AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed \$500,000,000, which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

#### SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000, which shall remain available until expended, for use, in addition to other funds available for such pur-

poses, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

SEC. 4. Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period "": *Provided, however, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act*".

#### GENERAL PROVISION

*SEC. 4. Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.*

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## SECTION 203 OF THE FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

### DISPOSAL OF SURPLUS PROPERTY

SEC. 203. (a) Except as otherwise provided in this section, the Administrator shall have supervision and direction over the disposition of surplus property. Such property shall be disposed of to such extent, at such times, in such areas, by such agencies, at such terms and conditions, and in such manner, as may be prescribed in or pursuant to this Act.

(b) The care and handling of surplus property, pending its disposition, and the disposal of surplus property, may be performed by the General Services Administration or, when so determined by the Administrator, by the executive agency in possession thereof or by any other executive agency consenting thereto.

(c) Any executive agency designated or authorized by the Administrator to dispose of surplus property may do so by sale, exchange, lease, permit, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Administrator deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this title.

(d) A deed, bill of sale, lease, or other instrument executed by or on behalf of any executive agency purporting to transfer title or any other interest in surplus property under this title shall be conclusive evidence of compliance with the provisions of this title insofar as concerns title or other interest of any bona fide grantee or transferee for value and without notice of lack of such compliance.

(e)(1) All disposals or contracts for disposal of surplus property (other than by abandonment, destruction, donation, or through contract brokers) made or authorized by the Administrator shall be made after publicly advertising for bids, under regulations prescribed by



the Administrator, except as provided in paragraphs (3) and (5) of this subsection.

(2) Whenever public advertising for bids is required under paragraph (1) of this subsection—

(A) the advertisement for bids shall be made at such time previous to the disposal or contract, through such methods, and on such terms and conditions as shall permit that full and free competition which is consistent with the value and nature of the property involved;

(B) all bids shall be publicly disclosed at the time and place stated in the advertisement;

(C) award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Government, price and other factors considered: *Provided*, That all bids may be rejected when it is in the public interest to do so.

(3) Disposals and contracts for disposal may be negotiated, under regulations prescribed by the Administrator, without regard to paragraphs (1) and (2) of this subsection but subject to obtaining such competition as is feasible under the circumstances, if—

(A) necessary in the public interest during the period of a national emergency declared by the President or the Congress, with respect to a particular lot or lots of personal property or, for a period not exceeding three months, with respect to a specifically described category or categories of personal property as determined by the Administrator;

(B) the public health, safety, or national security will thereby be promoted by a particular disposal of personal property;

(C) public exigency will not admit of the delay incident to advertising certain personal property;

(D) the personal property involved is of a nature and quantity which, if disposed of under paragraphs (1) and (2) of this subsection, would cause such an impact on an industry or industries as adversely to affect the national economy, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;

(E) the estimated fair market value of the property involved does not exceed \$1,000;

(F) bid prices after advertising therefor are not reasonable (either as to all or some part of the property) or have not been independently arrived at in open competition;

(G) with respect to real property only, the character or condition of the property or unusual circumstances make it impractical to advertise publicly for competitive bids and the fair market value of the property and other satisfactory terms of disposal can be obtained by negotiation;

(H) the disposal will be to States, Territories, possessions, political subdivisions thereof, or tax-supported agencies therein, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiations;

(I) otherwise authorized by this Act or other law.

(4) Disposals and contracts for disposal of surplus real and related personal property through contract realty brokers employed by the Administrator shall be made in the manner followed in similar com-

mercial transactions under such regulations as may be prescribed by the Administrator: *Provided*, That such regulations shall require that wide public notice of availability of the property for disposal be given by the brokers.

(5) Negotiated sales of personal property at fixed prices may be made by the Administrator either directly or through the use of disposal contractors without regard to the limitations set forth in paragraphs (1) and (2) of this subsection: *Provided*, That such sales shall be publicized to the extent consistent with the value and nature of the property involved, that the prices established shall reflect the estimated fair market value thereof, and that such sales shall be limited to those categories of personal property as to which the Administrator determines that such method of disposal will best serve the interests of the Government.

(6) Except as otherwise provided by this paragraph, an explanatory statement of the circumstances of each disposal by negotiation of any real or personal property having a fair market value in excess of \$1,000 shall be prepared. Each such statement shall be transmitted to the appropriate committees of the Congress in advance of such disposal, and a copy thereof shall be preserved in the files of the executive agency making such disposal. No such statement need be transmitted to any such committee with respect to any disposal of personal property made under paragraph (5) at a fixed price, or to property disposals authorized by any other provision of law to be made without advertising.

(7) Section 3709, Revised Statutes, as amended (41 U.S.C. 5), shall not apply to disposals or contracts for disposal made under this subsection.

(f) Subject to regulations of the Administrator, any executive agency may authorize any contractor with such agency or subcontractor thereunder to retain or dispose of any contractor inventory.

(g) The Administrator, in formulating policies with respect to the disposal of surplus agricultural commodities, surplus foods processed from agricultural commodities, and surplus cotton or woolen goods, shall consult with the Secretary of Agriculture. Such policies shall be so formulated as to prevent surplus agricultural commodities, or surplus food processed from agricultural commodities, from being dumped on the market in a disorderly manner and disrupting the market prices for agricultural commodities.

(h) Whenever the Secretary of Agriculture determines such action to be required to assist him in carrying out his responsibilities with respect to price support or stabilization, the Administrator shall transfer without charge to the Department of Agriculture any surplus agricultural commodities, foods, or cotton or woolen goods to be disposed of. Receipts resulting from disposal by the Department of Agriculture under this subsection shall be deposited pursuant to any authority available to the Secretary of Agriculture, except that net proceeds of any sale of surplus property so transferred shall be credited pursuant to section 204(b), when applicable. Surplus farm commodities so transferred shall not be sold, other than for export, in quantities in excess of, or at prices less than, those applicable with respect to sales of such commodities by the Commodity Credit Corporation.

(i) The United States Maritime Commission shall dispose of surplus vessels of one thousand five hundred gross tons or more which the



Commission determines to be merchant vessels or capable of conversion to merchant use, and such vessels shall be disposed of only in accordance with the provisions of the Merchant Marine Act, 1936, as amended, and other laws authorizing the sale of such vessels.

(j)(1) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate without cost (except for costs of care and handling) for use in any State for purposes of education, public health, or civil defense, or for research for any such purpose, any equipment, materials, books, or other supplies (including those capitalized in a working capital or similar fund) under the control of any executive agency which shall have been determined to be surplus property and which shall have been determined under paragraph (2), (3), or (4) of this subsection to be usable and necessary for any such purpose. In determining whether property is to be donated under this subsection, no distinction shall be made between property capitalized in a working-capital fund established under section 405 of the National Security Act of 1947, as amended, or any similar fund, and any other property. No such property shall be transferred for use within any State except to the State agency designated under State law for the purpose of distributing, in conformity with the provisions of this subsection, all property allocated under this subsection for use within such State.

(2) In the case of surplus property under the control of the Department of Defense, the Secretary of Defense shall determine whether such property is usable and necessary for educational activities which are of special interest to the armed services, such as maritime academies or military, naval, Air Force, or Coast Guard preparatory schools. If such Secretary shall determine that such property is usable and necessary for such purposes, he shall allocate it for transfer by the Administrator to the appropriate State agency for distribution to such educational activities. If he shall determine that such property is not usable and necessary for such purposes, it may be disposed of in accordance with paragraph (3) or paragraph (4) of this subsection.

(3) Determination whether such surplus property (except surplus property allocated in conformity with paragraph (2) of this subsection) is usable and necessary for purposes of education or public health, or for research for any such purpose, in any State shall be made by the Secretary of Health, Education, and Welfare, who shall allocate such property on the basis of needs and utilization for transfer by the Administrator to such State agency for distribution to (A) tax-supported medical institutions, hospitals, clinics, health centers, school systems, schools, colleges, and universities, and (B) other non-profit medical institutions, hospitals, clinics, health centers, schools, colleges, and universities which are exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954. No such property shall be transferred to any State agency until the Secretary of Health, Education, and Welfare has received, from such State agency, a certification that such property is usable and needed for educational or public health purposes in the State, and until the Secretary has determined that such State agency has conformed to minimum standards of operation prescribed by the Secretary for the disposal of surplus property.

(4) Determination whether such surplus property (except surplus property allocated in conformity with paragraph (2) of this subsec-

tion) is usable and necessary for civil defense purposes, including research, in any State shall be made by the Federal Civil Defense Administrator, who shall allocate such property on the basis of need and utilization for transfer by the Administrator of General Services to such State agency for distribution to civil defense organizations of such State, or political subdivisions and instrumentalities thereof, which are established pursuant to State law. No such property shall be transferred until the Federal Civil Defense Administrator has received from such State agency a certification that such property is usable and needed for civil defense purposes in the State, and until the Federal Civil Defense Administrator has determined that such State agency has conformed to minimum standards of operation prescribed by the Federal Civil Defense Administrator for the disposal of surplus property. The provisions of sections 201(b), 401(c), 401(e), and 405 of the Federal Civil Defense Act of 1950, as amended, shall apply to the performance by the Federal Civil Defense Administrator of his responsibilities under this section.

(5) The Secretary of Health, Education, and Welfare and the Federal Civil Defense Administrator may impose reasonable terms, conditions, reservations, and restrictions upon the use of any single item of personal property donated under paragraph (3) or paragraph (4), respectively, of this subsection which has an acquisition cost of \$2,500 or more.

(6) The term "State", as used in this subsection, includes the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(k)(1) Under such regulations as he may prescribe, the Administrator is authorized, in his discretion, to assign to the Secretary of Health, Education, and Welfare for disposal such surplus real property, including buildings, fixtures, and equipment situated thereon, as is recommended by the Secretary of Health, Education, and Welfare as being needed for school, classroom, or other educational use, or for use in the protection of public health, including research.

(A) Subject to the disapproval of the Administrator within thirty days after notice to him by the Secretary of Health, Education, and Welfare of a proposed transfer of property for school, classroom, or other educational use, the Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, may sell or lease such real property, including buildings, fixtures, and equipment situated thereon for educational purposes to the States and their political subdivisions and instrumentalities, and tax-supported educational institutions and to other nonprofit educational institutions which have been held exempt from taxation under section 101(6) of the Internal Revenue Code.

(B) Subject to the disapproval of the Administrator within thirty days after notice to him by the Secretary of Health, Education, and Welfare of a proposed transfer of property for public-health use, the Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, may sell or lease such real property for public-health purposes, including research, to the States and their political subdivisions and instrumentalities, and to tax-supported medical institutions, and to hospitals



or other similar institutions not operated for profit which have been held exempt from taxation under section 101(6) of the Internal Revenue Code.

(C) In fixing the sale or lease value of property to be disposed of under subparagraph (A) and subparagraph (B) of this paragraph, the Secretary of Health, Education, and Welfare shall take into consideration any benefit which has accrued or may accrue to the United States from the use of such property by any such State, political subdivision, instrumentality, or institution.

(D) "States" as used in this subsection includes the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(2) Subject to the disapproval of the Administrator within thirty days after notice to him of any action to be taken under this subsection—

(A) The Secretary of Health, Education, and Welfare, through such officers or employees of the Department of Health, Education, and Welfare as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and tax-supported and other nonprofit educational institutions, for school, classroom, or other educational use;

(B) the Secretary of Health, Education, and Welfare, through such officer or employees of the Department of Health, Education, and Welfare as he may designate, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States political subdivisions and instrumentalities thereof, tax-supported medical institutions, and to hospitals and other similar institutions not operated for profit, for use in the protection of public health (including research);

(C) the Secretary of the Interior, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, and pursuant to this Act, to States, political subdivisions, and instrumentalities thereof, and municipalities for use as a public park, public recreational area, or historic monument for the benefit of the public;

(D) the Secretary of Defense, in the case of property transferred pursuant to the Surplus Property Act of 1944, as amended, to States, political subdivisions, and tax-supported instrumentalities thereof for use in the training and maintenance of civilian components of the armed forces.

(E) the Federal Civil Defense Administrator, in the case of property transferred pursuant to this Act to civil defense organizations of the States or political subdivisions or instrumentalities thereof which are established by or pursuant to State law, is authorized and directed—

(i) to determine and enforce compliance with the terms, conditions, reservations, and restrictions contained in any instrument by which such transfer was made;

(ii) to reform, correct, or amend any such instrument by the execution of a corrective, reformative, or amendatory instrument where necessary to correct such instrument or to conform such transfer to the requirements of applicable law; and

(iii) to (I) grant releases from any of the terms, conditions, reservations, and restrictions contained in, and (II) convey, quitclaim, or release to the transferee or other eligible user any right or interest reserved to the United States by, any instrument by which such transfer was made, if he determines that the property so transferred no longer serves the purpose for which it was transferred, or that such release, conveyance, or quitclaim deed will not prevent accomplishment of the purpose for which such property was so transferred: *Provided*, That any such release, conveyance, or quitclaim deed may be granted on, or made subject to, such terms and conditions as he shall deem necessary to protect or advance the interests of the United States.

(l) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate to the American National Red Cross, for charitable purposes, such property, which was processed, produced, or donated by the American National Red Cross, as shall have been determined to be surplus property.

(m) The Administrator is authorized to take possession of abandoned and other unclaimed property on premises owned or leased by the Government, to determine when title thereto vested in the United States, and to utilize, transfer or otherwise dispose of such property. Former owners of such property upon proper claim filed within three years from the date of vesting of title in the United States shall be paid the proceeds realized from the disposition of such property or, if the property is used or transferred, the fair value therefor as of the time title was vested in the United States as determined by the Administrator, less in either case the costs incident to the care and handling of such property as determined by the Administrator.

(n) For the purpose of carrying into effect the provisions of subsections (j) and (k), the Secretary of Health, Education, and Welfare, the Federal Civil Defense Administrator, and the head of any Federal agency designated by either such officer, are authorized to enter into cooperative agreements with State surplus property distribution agencies designated in conformity with paragraph (1) of subsection (j). Such cooperative agreements may provide for utilization by such Federal agency, without payment or reimbursement, of the property, facilities, personnel, and services of the State agency in carrying out any such program, and for making available to such State agency, without payment or reimbursement, property, facilities, personnel, or services of such Federal agency in connection with such utilization.

(o) The Secretary of Health, Education, and Welfare shall submit, during each calendar quarter, a report to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of such House if it is not in session) showing the acquisition cost of all personal property donated under subsection (j) and of all real property disposed of under subsection (k) during the preceding calendar quarter to, or for distribution to, educational or public health institutions in each State, Territory, and possession. The first report under this subsection shall be made with respect to property donated or disposed of during the first calendar quarter which begins after the enactment of this subsection.

(p) *In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator.*





87TH CONGRESS  
1ST SESSION

## [Report No. 612]

MAY 26, 1961

JULY 24, 1961

[Omit the part struck through and insert the part printed in *italic*]

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*

## 3 PART I

## 4 CHAPTER 1—SHORT TITLE AND POLICY

5        SEC. 101. SHORT TITLE.—This part may be cited as the  
6    “Act for International Development of 1961”.

7 SEC. 102. STATEMENT OF POLICY.—The Congress of  
8 the United States reaffirms its belief that peace in the world



1 increasingly depends on wider recognition, both in principle  
2 and in practice, of the dignity and interdependence of man,  
3 and that the survival of free institutions in the United States  
4 can best be assured in a worldwide atmosphere of expanded  
5 freedom. To this end, the United States has in the past pro-  
6 vided assistance to help strengthen the forces of freedom by  
7 aiding peoples of less developed countries of the world to  
8 develop their resources and improve their living standards,  
9 to realize their aspirations for justice, education, dignity,  
10 and respect as individual human beings, and to establish  
11 responsible governments. The Congress declares it to be a  
12 primary necessity, opportunity, and responsibility of the  
13 United States, and consistent with its traditions and ideals,  
14 to renew the spirit which lay behind these past efforts, and  
15 to help make a historic demonstration that economic growth  
16 and political democracy can go hand in hand to the end that  
17 an enlarged community of free, stable, and self-reliant na-  
18 tions can reduce world tensions and insecurity. In addition,  
19 the Congress declares that it is the policy of the United  
20 States to support the principles of increased economic co-  
21 operation and trade among nations, *freedom of the press,*  
22 *information, and religion,* freedom of navigation in interna-  
23 tional waterways, and recognition of the right of all private  
24 persons to travel and pursue their lawful activities without  
25 discrimination as to race or religion. *In the administration*

1 *of all parts of this Act these principles shall be supported*  
2 *in such a way as to avoid taking sides in any controversy*  
3 *between countries having friendly relations with the United*  
4 *States while urging both sides to adjudicate the issues in-*  
5 *volved by means of procedures available to the parties. Ac-*  
6 *cordingly, the Congress hereby affirms it to be the policy of*  
7 *the United States to make assistance available, upon request,*  
8 *under this part in scope and on a basis of long-range continu-*  
9 *ity essential to the creation of an environment in which the*  
10 *energies of the peoples of the world can be devoted to con-*  
11 *structive purposes, free of pressure and erosion by the adver-*  
12 *saries of freedom. It is the sense of the Congress that assist-*  
13 *ance under this part should be complemented by the furnish-*  
14 *ing under any other Act of surplus agricultural commodities*  
15 *to the maximum extent possible, and that increased disposal*  
16 *be made of excess property and stockpile materials under this*  
17 *part and other Acts.*

18       In order to achieve these basic goals, to the extent prac-  
19 ticable, assistance should be based upon well-conceived plans;  
20 be directed toward the social as well as economic aspects of  
21 economic development; be responsive to the efforts of the  
22 recipient countries to mobilize their own resources and help  
23 themselves; be cognizant of the external and internal pres-  
24 sures which hamper the transition to growth; and should  
25 emphasize long-range development assistance as the primary



1 instrument of such growth. In order continually to increase  
 2 the effectiveness of development assistance, intensive re-  
 3 search should be carried on into the techniques of such as-  
 4 sistance. Since economic and political stability are indispen-  
 5 sable to economic growth and to social progress, it is further  
 6 the policy of the United States to provide assistance to coun-  
 7 tries and areas in order to support or promote such stability.  
 8 The Congress also recognizes the important contribution of  
 9 the United Nations and its specialized agencies, and of other  
 10 international organizations and agencies, to the attainment  
 11 of these goals, as well as to relief of human distress and to  
 12 scientific progress, and declares that it is the policy of the  
 13 United States to provide for contribution to those activities  
 14 of such organizations and agencies which are directed toward  
 15 such objectives and goals. Finally, the Congress urges that  
 16 all other countries able to contribute join in a common under-  
 17 taking to meet the goals stated in this part.

## 18 CHAPTER 2—DEVELOPMENT ASSISTANCE

### 19 TITLE I—DEVELOPMENT ~~LOANS~~ LOAN FUND

20 *SEC. 201. GENERAL AUTHORITY.—(a) The President*  
 21 *shall establish a fund to be known as the “Development Loan*  
 22 *Fund” to be used by the President to make loans pursuant to*  
 23 *the authority contained in this title.*

24 *SEC. 201. GENERAL AUTHORITY.—(a) (b) The Presi-*  
 25 *dent is authorized to make loans repayable payable as to*

1 *principal and interest* in United States dollars on such terms  
2 and conditions as he may determine, in order to promote  
3 the economic development of less developed countries and  
4 areas, with emphasis upon assisting long-range plans and  
5 programs designed to develop economic resources and in-  
6 crease productive capacities. In so doing, the President  
7 shall take into account (1) whether financing could be  
8 obtained in whole or in part from other free-world sources  
9 on reasonable terms, (2) the economic and technical sound-  
10 ness of the activity to be financed, (3) whether the activity  
11 gives reasonable promise of contributing to the development  
12 of economic resources or to the increase of productive ca-  
13 pacities in furtherance of the purposes of this title, (4) the  
14 consistency of the activity with, and its relationship to, other  
15 development activities being undertaken or planned, and its  
16 contribution to realizable long-range objectives, ~~and~~ (5)  
17 the extent to which the recipient country is showing a re-  
18 sponsiveness to the vital economic, political, and social con-  
19 cerns of its people, and demonstrating a clear ~~willingness~~  
20 *determination* to take effective self-help measures, *and* (6)  
21 *the possible effects upon the United States economy, with*  
22 *special reference to areas of substantial labor surplus, of the*  
23 *loan involved.* Loans shall be made under this title only  
24 upon a finding of reasonable prospects of repayment.

25 ~~(b)~~ (c) The authority of section 610 may not be used to



1 decrease the funds available under this title, nor may the  
2 authority of section ~~613(a)~~ 614(a) be used to waive the  
3 requirements of this title.

4 SEC. 202. CAPITALIZATION.—(a) The President is au-  
5 thorized to issue, during the fiscal years 1962 through 1966,  
6 notes for purchase by the Secretary of the Treasury in order  
7 to carry out the purposes of this title. The maximum ag-  
8 gregate amount of such notes issued during the fiscal year  
9 1962 shall be ~~\$900,000,000~~ \$1,187,000,000, and the maxi-  
10 mum aggregate amount of such notes issued during each of  
11 the fiscal years 1963 through 1966 shall be ~~\$1,600,000,000~~  
12 \$1,900,000,000: *Provided*, That any unissued portion of  
13 the maximum amount of notes authorized for any such  
14 fiscal year may be issued in any subsequent fiscal year dur-  
15 ing the note issuing period in addition to the maximum ag-  
16 gregate amount of notes otherwise authorized for such sub-  
17 sequent fiscal year. Such notes shall be redeemable at the  
18 option of the President before maturity in such manner as  
19 may be stipulated in such notes, and shall have such maturity  
20 and other terms and conditions as may be determined by  
21 the President. Payment under this subsection of the pur-  
22 chase price of such notes and repayments thereof by the  
23 President shall be treated as public-debt transactions of the  
24 United States Government.

25 ~~(b) United States dollars which are derived directly or~~

1 indirectly on or after the effective date of this Act from pay-  
 2 ment of obligations under which the United States Govern-  
 3 ment may require payment exclusively in United States dol-  
 4 lars and which were created under ~~(1)~~ an Act to promote  
 5 the defense of the United States, as amended ~~(22 U.S.C.~~  
 6 ~~411 et seq.)~~; ~~(2)~~ the Surplus Property Act of 1944, as  
 7 amended ~~(50 U.S.C. App. 1622 et seq.)~~; ~~(3)~~ Public Law  
 8 79-569 ~~(22 U.S.C. 286l, 286m)~~; ~~(4)~~ the Economic Co-  
 9 operation Act of 1948, as amended ~~(22 U.S.C. 1501 et seq.)~~;  
 10 ~~(5)~~ the German and Japanese Government and relief in  
 11 occupied areas programs, and ~~(6)~~ loans under the Mutual  
 12 Security Act of 1954, as amended ~~(22 U.S.C. 1750 et seq.)~~  
 13 ~~(other than military assistance)~~, shall be available for use for  
 14 purposes of this title, notwithstanding the provisions of any  
 15 other Act referred to in this subsection. —In the case of any  
 16 such payments which, were it not for the provisions of this  
 17 subsection, would have been used to retire notes or obliga-  
 18 tions issued to finance the activity from which the payments  
 19 were derived, the President shall assume such notes or obli-  
 20 gations, together with any interest accrued and unpaid  
 21 thereon, in an amount equivalent to such payments.

22 ~~(e)~~ (b) Except as otherwise provided in this part, the  
 23 United States dollar assets of the *corporate entity known as*  
 24 *the Development Loan Fund established by section 202(a)*  
 25 *of the Mutual Security Act of 1954, as amended*, which



1 remain unobligated *and not committed for loans repayable*  
2 *in foreign currencies* on the date prior to the abolition of  
3 ~~the~~ *such* fund shall be available for use for purposes of this  
4 title.

5 SEC. 203. FISCAL PROVISIONS.—~~(a)~~ All receipts from  
6 loans made under and in accordance with this title shall be  
7 available for use for the purposes of this title. Such receipts  
8 and other funds made available under this title for use for  
9 the purposes of this title shall remain available until  
10 expended.

11 ~~(b)~~ (a) The President is authorized to incur in carry-  
12 ing out the purposes of this title obligations which may not  
13 at any time exceed the sum of (i) all funds made available  
14 and all funds authorized to be made available pursuant to  
15 the authority, and subject to the fiscal year limitations, pro-  
16 vided in section 202 (a), and (ii) all other funds made  
17 available pursuant to this part for the purposes of *for* this  
18 title.

19 ~~(e)~~ (b) In carrying out the purposes of this title, the  
20 President shall prepare annually and submit a budget pro-  
21 gram in accordance with the provisions of sections 102,  
22 103, and 104 of the Government Corporation Control Act,  
23 as amended (31 U.S.C. 847-849).

24 SEC. 204. REPORTS.—At the close of each quarter of

1 the fiscal year, the President shall submit to the Committee  
2 on Foreign Relations and the Committee on Appropriations  
3 of the Senate and the Speaker of the House of Representa-  
4 tives a report of activities carried out in such quarter under  
5 this title, including appropriate information as to the amount  
6 of loans made under section ~~201(a)~~ 201(b), and notes issued  
7 under section 202(a), as well as any undertakings which  
8 have committed the United States Government to future  
9 obligations and expenditures of funds.

10 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—(a)

11 The President shall establish an interagency Development  
12 Loan Committee, consisting of such officers from such agen-  
13 cies of the United States Government as he may determine,  
14 which shall, under the direction of the President, establish  
15 standards and criteria for lending operations under this title  
16 in accordance with the foreign and financial policies of the  
17 United States. *Except in the case of officers serving in posi-*  
18 *tions to which they were appointed by the President by and*  
19 *with the advice and consent of the Senate, officers assigned to*  
20 *the Committee shall be so assigned by the President by and*  
21 *with the advice and consent of the Senate.*

22 (b) *There shall be within the agency primarily respon-*  
23 *sible for administering this part an Office of the Development*  
24 *Loan Fund. Such Office shall provide staff assistance to the*



1 *Development Loan Committee established by subsection (a)*  
2 *of this section and shall perform such other functions under*  
3 *this part as the President shall prescribe.*

4 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL  
5 COOPERATION

6 SEC. 211. GENERAL AUTHORITY.—(a) The President  
7 is authorized to furnish assistance on such terms and condi-  
8 tions as he may determine in order to promote the economic  
9 development of less developed countries and areas, with  
10 emphasis upon assisting the development of human resources  
11 *through such means as programs of technical cooperation.*  
12 In so doing, the President shall take into account (1)  
13 whether the activity gives reasonable promise of contributing  
14 to the development of educational or other institutions and  
15 programs directed toward social progress, (2) the consistency  
16 of the activity with, and its relationship to, other develop-  
17 ment activities being undertaken or planned, and its contri-  
18 bution to realizable long-range development objectives, (3)  
19 the economic and technical soundness of the activity to be  
20 financed, and (4) the extent to which the recipient country  
21 is showing a responsiveness to the vital economic, political,  
22 and social concerns of its people, and demonstrating a clear  
23 willingness to take effective self-help measures *and to pay a*  
24 *fair share of the cost of programs under this title.*

25 (b) *In countries and areas which are in the earlier*

1 *stages of economic development, programs of development*  
2 *of education and human resources through such means as*  
3 *technical cooperation shall be emphasized, and the furnishing*  
4 *of capital facilities for purposes other than the development*  
5 *of education and human resources shall be given a lower*  
6 *priority until the requisite knowledge and skills have been*  
7 *developed.*

8       SEC. 212. AUTHORIZATION.—There is hereby author-  
9 ized to be appropriated to the President for use beginning in  
10 the fiscal year 1962 to carry out the purposes of section 211  
11 not to exceed \$380,000,000, which shall remain available  
12 until expended.

13       SEC. 213. (a) ATOMS FOR PEACE.—The President is  
14 authorized to use, in addition to other funds available for  
15 such purposes, funds available for the purposes of section 211  
16 for assistance, on such terms and conditions as he may deter-  
17 mine, designed to promote the peaceful uses of atomic energy  
18 outside the United States.

19       (b) *The United States share of the cost of any research*  
20 *reactor made available to another government under this*  
21 *section shall not exceed \$350,000.*

22       SEC. 214. AMERICAN SCHOOLS AND HOSPITALS  
23 ABROAD.—(a) The President is authorized to use, in addi-  
24 tion to other funds available for such purposes, funds made  
25 available for the purposes of section 211 for assistance, on



1 such terms and conditions as he may specify, to schools and  
2 libraries outside the United States founded or sponsored by  
3 United States citizens and serving as study and demonstra-  
4 tion centers for ideas and practices of the United States.

5 (b) The President is authorized to use, notwithstanding  
6 the provisions of the Mutual Defense Assistance Control Act  
7 of 1951 (22 U.S.C. 1611 et seq.), foreign currencies ac-  
8 cruing to the United States Government under any ~~Act for~~  
9 *Act, for* the purposes of subsection (a) of this section, and  
10 for assistance, on such terms and conditions as he may  
11 specify, to hospitals outside the United States founded or  
12 sponsored by United States citizens and serving as centers  
13 for medical treatment, education, and research.

14 SEC. 215. (a) VOLUNTARY AGENCIES.—In order to  
15 further the efficient use of United States voluntary contribu-  
16 tions for relief and rehabilitation, the President is authorized  
17 to use funds made available for the purposes of section 211  
18 to pay transportation charges from United States ports to  
19 ports of entry abroad, or, in the case of landlocked countries,  
20 to points of entry in such countries, on shipments by the  
21 American Red Cross and United States voluntary nonprofit  
22 relief agencies registered with and approved by the Advisory  
23 Committee on Voluntary Foreign Aid.

1       **(b)** *Where practicable the President shall make arrange-*  
 2 *ments with the receiving country for free entry of such ship-*  
 3 *ments and for the making available by that country of local*  
 4 *currencies for the purpose of defraying the transportation*  
 5 *cost of such shipments from the port of entry of the receiving*  
 6 *country to the designated shipping point of the consignee.*

7                   TITLE III—INVESTMENT GUARANTIES

8       SEC. 221. GENERAL AUTHORITY.—(a) In order to  
 9 facilitate and increase the participation of private enterprise  
 10 in furthering the development of the economic resources and  
 11 productive capacities of less-developed countries and areas,  
 12 the President is authorized to issue guaranties as provided  
 13 in subsection (b) of this section of investments in connec-  
 14 tion with projects, including expansion, modernization, or  
 15 development of existing enterprises, in any country or area  
 16 with the government of which the President has agreed to  
 17 institute the guaranty program. ~~Each such~~ *The guaranty*  
 18 *program authorized by this title shall be administered under*  
 19 *broad criteria, and each project shall be approved by the*  
 20 *President and by the government concerned.*

21       (b) The President may issue guaranties to United  
 22 States citizens, or corporations, partnerships, or other asso-  
 23 ciations in which the majority beneficial interest is held



1 *created under the law of the United States or of any State*  
2 *or territory and substantially beneficially owned by United*  
3 *States citizens—*

4 (1) assuring protection in whole or in part against  
5 any or all of the following risks:

6 (A) inability to convert into United States  
7 dollars other currencies, or credits in such curren-  
8 cies, received as earnings or profits from the ap-  
9 proved project as repayment or return of the invest-  
10 ment therein, in whole or in part, or as compensa-  
11 tion for the sale or disposition of all or any part  
12 thereof,

13 (B) loss of investment in the approved project  
14 due to expropriation or confiscation by action of a  
15 foreign government, and

16 (C) loss due to war, ~~revolution, insurrection,~~  
17 ~~or civil strife accompanying war, revolution, or in-~~  
18 ~~surrection, or due to any sanction which is imposed~~  
19 ~~by any government against the government of the~~  
20 ~~area where the project is located and which ma-~~  
21 ~~terially adversely affects the continued operation of~~  
22 ~~the project:~~

23 *Provided, That the total face amount of the guaranties*  
24 *issued under this paragraph (1) outstanding at any one*  
25 *time shall not exceed \$1,000,000,000; and*

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss in whole or in part of a loan investment due to nonpayment for any reason, or assuring against loss in whole or in part of any other form of investment due to such risks as the President may determine, upon such terms and conditions as the President may determine of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: Provided further, That no guaranty of an equity investment issued under this paragraph (2) shall assure against loss resulting from fraud or misconduct in the management of the enterprise, or from normally insurable risks: Provided further, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000.*

(c) No guaranty shall exceed the ~~value~~ dollar value, as of the date of the investment, of the investment made in



1 the project with the approval of the President plus actual  
2 earnings or profits on said investment to the extent provided  
3 by such guaranty, nor shall any guaranty extend beyond  
4 twenty years from the date of issuance.

5 (d) The President shall make suitable arrangements  
6 for protecting the interests of the United States Government  
7 in connection with any guaranty issued under section 221  
8 (b), including arrangements with respect to the ownership,  
9 use, and disposition of the currency, credits, assets, or in-  
10 vestment on account of which payment under such guaranty  
11 is to be made, and any right, title, claim, or cause of action  
12 existing in connection therewith.

13 SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be  
14 charged for each guaranty in an amount to be determined  
15 by the President. In the event the fee to be charged for  
16 a type of guaranty authorized under section 221 (b) is re-  
17 duced, fees to be paid under existing contracts for the same  
18 type of guaranty may be similarly reduced.

19 (b) All fees collected *in connection with guaranties*  
20 *issued* under this section, ~~all fees heretofore collected~~ under  
21 sections 202 (b) and 413 (b) (4) of the Mutual Security  
22 Act of 1954, as amended, and under section 111 (b) (3) of  
23 the Economic Cooperation Act of 1948, as amended (22  
24 U.S.C. 1509 (b) (3) ) (exclusive of fees for informational  
25 media guaranties heretofore or hereafter issued pursuant to

1 section 1011 of the United States Information and Edu-  
2 cational Exchange Act of 1948, as amended (22 U.S.C.  
3 1442) and section 111 (b) (3) of the Economic Cooperation  
4 Act of 1948, as amended), and all reserves maintained for  
5 any guaranties heretofore issued pursuant to section 202 (b)  
6 of the Mutual Security Act of 1954, as amended, shall be  
7 available for meeting management and custodial costs in-  
8 curred with respect to currencies or other assets acquired  
9 under guaranties made pursuant to section 221 (b) of this  
10 part, sections 202 (b) and 413 (b) (4) of the Mutual Secu-  
11 rity Act of 1954, as amended, and section 111 (b) (3) of the  
12 Economic Cooperation Act of 1948, as amended (exclusive  
13 of informational media guaranties), and shall be available for  
14 expenditure in discharge of liabilities under guaranties made  
15 pursuant to such sections, until such time as all such property  
16 has been disposed of and all such liabilities have been dis-  
17 charged or have expired, or until all such fees and reserves  
18 have been expended in accordance with the provisions of this  
19 section.

20 (c) In computing the total face amount of guaranties  
21 outstanding at any one time for purposes of paragraph (1)  
22 of section 221 (b), the President shall include the face  
23 amounts of outstanding guaranties theretofore issued pur-  
24 suant to such paragraph, sections 202 (b) and 413 (b) (4)



1 of the Mutual Security Act of 1954, as amended, and section  
2 111 (b) (3) of the Economic Cooperation Act of 1948, as  
3 amended, but shall exclude informational media guaranties.

4 (d) Any payments made to discharge liabilities under  
5 guaranties issued under section 221 (b) of this part, sections  
6 202 (b) and 413 (b) (4) of the Mutual Security Act of  
7 1954, as amended, and section 111 (b) (3) of the Economic  
8 Cooperation Act of 1948, as amended (exclusive of infor-  
9 mational media guaranties), shall be paid first out of *funds*  
10 *specifically reserved for such payment pursuant to the proviso*  
11 *to the second sentence of section 222(e), and thereafter shall*  
12 *be paid out of fees and reserves* referred to in section 222 (b)  
13 as long as such fees ~~and reserves~~ are available, and there-  
14 after shall be paid out of funds, if any, realized from the sale  
15 of currencies or other assets acquired in connection with any  
16 such guaranties as long as such funds are available, and  
17 finally shall be paid out of funds realized from the sale of  
18 notes issued under section 413 (b) (4) (F) of the Mutual  
19 Security Act of 1954, as amended, and section 111 (c) (2)  
20 of the Economic Cooperation Act of 1948, as amended.

21 (e) All ~~guaranties issued after June 30, 1956, shall, and~~  
22 ~~all~~ guaranties issued prior to July 1, 1956 (exclusive of in-  
23 formational media guaranties), ~~may, be considered and all~~  
24 *guaranties issued under section 202(b) of the Mutual*  
25 *Security Act of 1954, as amended, may be considered, and*

1 *all other guaranties shall be considered* for the purposes of  
2 section 3679 (31 U.S.C. 665) and section 3732 (41  
3 U.S.C. 11) of the Revised Statutes, as amended, as obli-  
4 gations only to the extent of the probable ultimate net cost  
5 to the United States Government of all outstanding guaran-  
6 ties. Funds obligated in connection with guaranties issued  
7 under section 221 (b) of this part, sections 202 (b) and  
8 413 (b) (4) of the Mutual Security Act of 1954, as amended,  
9 and section 111 (b) (3) of the Economic Cooperation Act  
10 of 1948, as amended (exclusive of informational media  
11 guaranties), shall constitute a single reserve, together with  
12 funds available for obligation hereunder but not yet obli-  
13 gated, for the payment of claims under all guaranties issued  
14 under such sections: *Provided*, That funds obligated in con-  
15 nection with guaranties issued prior to July 1, 1956, *and*  
16 *guaranties issued under section 202(b) of the Mutual*  
17 *Security Act of 1954, as amended*, shall not, without the  
18 consent of the investor, be available for the payment of  
19 claims arising under any ~~subsequent guaranty~~ *other guaran-*  
20 *ties*. Funds available for obligation hereunder shall be  
21 decreased by the amount of any payments made to discharge  
22 liabilities, *or to meet management and custodial costs in-*  
23 *curred with respect to assets acquired*, under guaranties  
24 issued pursuant to section 221 (b) of this part, sections  
25 202 (b) and 413 (b) (4) of the Mutual Security Act of



1 1954, as amended, and section 111 (b) (3) of the Economic  
 2 Cooperation Act of 1948, as amended (exclusive of infor-  
 3 mational media guaranties), and shall be increased by  
 4 the amount obligated for guaranties as to which all liability  
 5 of the United States Government has been terminated, and  
 6 by the amount of funds realized from the sale of currencies  
 7 or other assets acquired in connection with any payments  
 8 made to discharge liabilities, and the amount of fees col-  
 9 lected ~~under~~ *collected, under* guaranties issued pursuant to  
 10 such sections (exclusive of informational media guaranties).

11 ~~(f)~~ The guaranty program authorized by this title shall  
 12 be administered under broad criteria so as to facilitate and  
 13 increase the participation of private enterprise in furthering  
 14 the development of the economic resources and productive  
 15 capacities of less developed countries and areas.

16 SEC. 223. DEFINITION.—As used in this title the term  
 17 “investment” includes any contribution of capital commod-  
 18 ities, services, patents, processes, or techniques by any per-  
 19 son in the form of (1) a loan or loans to an approved proj-  
 20 ect, (2) the purchase of a share of ownership in any such  
 21 project, (3) participation in royalties, earnings, or profits  
 22 of any such project, and (4) the furnishing of capital com-  
 23 modities and related services pursuant to a contract provid-  
 24 ing for payment in whole or in part after the end of the  
 25 fiscal year in which the guaranty of such investment is made.

## 1 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

2 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-  
3 courage and promote the undertaking by private enterprise  
4 of surveys of investment opportunities, other than in ex-  
5 tractive industries, in less developed countries and areas,  
6 the President is authorized to participate in the financing  
7 of such surveys, on such terms and conditions as he may  
8 determine, but not in excess of fifty per centum of the total  
9 cost of each survey. Such surveys shall be approved by  
10 the President and the government concerned. *In order to*  
11 *encourage and promote the undertaking by private enter-*  
12 *prise of surveys of investment opportunities, other than sur-*  
13 *veys of extraction opportunities, in less developed countries*  
14 *and areas, the President is authorized to participate in the*  
15 *financing of such surveys undertaken by any person: Pro-*  
16 *vided, That his participation shall not exceed 50 per centum*  
17 *of the total cost of any such survey. The making of each*  
18 *such survey shall be approved by the President.*

19 (b) In the event that a person who has undertaken a  
20 survey in accordance with this title determines, within a  
21 period of time to be determined by the President, not to  
22 undertake, directly or indirectly, the investment opportunity  
23 surveyed, such person shall turn over to the President a pro-  
24 fessionally acceptable technical report with respect to all  
25 matters explored. Such report shall become the property of



1 the United States Government, and the United States Gov-  
 2 ernment shall be entitled to have access to, and obtain copies  
 3 of, all underlying correspondence, memorandums, working  
 4 papers, documents, and other materials in connection with  
 5 the survey.

6 SEC. 232. AUTHORIZATION.—There is hereby author-  
 7 ized to be appropriated to the President for use beginning in  
 8 the fiscal year 1962 to carry out the purposes of this title not  
 9 to exceed \$5,000,000, which shall remain available until  
 10 ~~expended,~~ *expended*.

11 SEC. 233. DEFINITIONS.—As used in this title—

12 (a) the term “person” means a citizen of the United  
 13 States or any corporation, partnership, or other associa-  
 14 tion in which the majority beneficial interest is held  
 15 *created under the law of the United States or of any*  
 16 *State or territory and substantially beneficially owned*  
 17 by United States citizens; and

18 ~~(b) the term “extractive industries” means any~~  
 19 ~~business undertaking which involves only ascertaining~~  
 20 ~~the existence, location, extent, or quality of any deposit~~  
 21 ~~or pool of ore, oil, gas, or other mineral, or extracting~~  
 22 ~~and exporting the same, or both.~~

23 (b) the term “survey of extraction opportunities”  
 24 means any survey directed (i) to ascertaining the exist-  
 25 ence, location, extent, or quality of any deposit of ore,

oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

## TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into the process of economic development in less-developed countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

~~SEC. 242. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$20,000,000, which shall remain available until expended.~~

## CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) The President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and condi-



1 tions as he may determine, in order to further the purposes  
2 of this part.

3 (b) Contributions to the United Nations Expanded  
4 Program of Technical Assistance and the United Nations  
5 Special Fund for the calendar years succeeding 1961 may  
6 not exceed 40 per centum of the total amount contributed  
7 for such purpose (including assessed and audited local costs)  
8 for each such year.

9 (c) In determining whether or not to continue furnish-  
10 ing assistance for Palestine refugees in the Near East through  
11 contributions to the United Nations Relief and Works Agency  
12 for Palestine Refugees in the Near East, the President  
13 shall take into account (1) whether Israel and the Arab  
14 host governments are taking steps toward the resettlement  
15 and repatriation of such refugees, and (2) the extent and  
16 success of efforts by the Agency and the Arab host govern-  
17 ments to rectify the Palestine refugee relief rolls.

18 SEC. 302. AUTHORIZATION.—(a) There is hereby au-  
19 thorized to be appropriated to the President for use, in  
20 addition to funds available under any other Act for such  
21 purposes, beginning in the fiscal year 1962 to carry out the  
22 purposes of this chapter not to exceed ~~\$153,000,000~~  
23 \$153,500,000, which shall remain available until expended.

24 (b) *Of the funds appropriated under this section, in*

1 the fiscal year 1962 the following amounts may be used for  
2 the following respective purposes pursuant to section 301:

3 (1) Not to exceed \$40,000,000 for contributions to  
4 the United Nations Expanded Program of Technical  
5 Assistance and the United Nations Special Fund.

6 (2) Not to exceed \$12,000,000 for contributions  
7 to the United Nations Children's Fund.

8 (3) Not to exceed \$13,350,000 for contributions to  
9 the United Nations Relief and Works Agency for Pales-  
10 tine Refugees in the Near East.

11 (4) Not to exceed \$62,000,000 for contributions  
12 to the programs of the United Nations in the Congo.

13 (5) Not to exceed \$1,800,000 for contributions to  
14 the budget of the United Nations Emergency Force.

15 (6) Not to exceed \$3,400,000 for contributions to  
16 the malaria eradication, water supply, and medical re-  
17 search programs of the World Health Organization.

18 (7) Not to exceed \$750,000 for contributions to the  
19 International Atomic Energy Agency.

20 (8) Not to exceed \$16,900,000 for contributions  
21 to the Indus Waters Development Fund.

22 (9) Not to exceed \$1,800,000 for contributions to  
23 the science program of the North Atlantic Treaty  
24 Organization.



1           (10) *Not to exceed \$1,500,000 for contributions*  
2           *to the technical cooperation program of the Organiza-*  
3           *tion of American States.*

4           (c) *The monetary limitations in subsection (b) of this*  
5           *section shall not apply to the exercise of the authorities in*  
6           *sections 451(a) and 610.*

7           SEC. 303. INDUS BASIN DEVELOPMENT.—~~Funds~~ *In*  
8           *the event that funds* made available under this Act (other  
9           than part II) ~~to be~~ *are* used by or under the supervision  
10          of the International Bank for Reconstruction and Develop-  
11          ment in furtherance of the development of the Indus Basin  
12          through the program of cooperation among South Asian  
13          and other nations of the free world, which is designed to  
14          promote economic growth and political stability in South  
15          Asia, *such funds* may be used in accordance with require-  
16          ments, standards, or procedures established by the Bank  
17          concerning completion of plans and cost estimates and de-  
18          termination of feasibility, rather than with requirements,  
19          standards, or procedures concerning such matters set forth  
20          in this or other Acts; and such funds may also be used with-  
21          out regard to the provisions of section 901 (b) of the Mer-  
22          chant Marine Act of 1936, as amended (46 U.S.C. 1241),  
23          whenever the President determines that such provisions  
24          cannot be fully satisfied without seriously impeding or pre-  
25          venting accomplishment of the purposes of such programs:

1 *Provided*, That compensating allowances are made in the  
 2 administration of other programs to the same or other areas  
 3 to which the requirements of said section 901 (b) are  
 4 applicable.

#### 5 CHAPTER 4—SUPPORTING ASSISTANCE

6 SEC. 401. GENERAL AUTHORITY.—The President is  
 7 authorized to furnish assistance on such terms and conditions  
 8 as he may determine, in order to support or promote eco-  
 9 nomic or political stability.

10 SEC. 402. AUTHORIZATION.—There is hereby author-  
 11 ized to be appropriated to the President for use beginning in  
 12 the fiscal year 1962 to carry out the purposes of this chap-  
 13 ter not to exceed ~~\$581,000,000~~ \$450,000,000, which shall  
 14 remain available until expended.

#### 15 CHAPTER 5—CONTINGENCY FUND

16 SEC. 451. CONTINGENCY FUND.—(a) There is hereby  
 17 authorized to be appropriated to the President for the fiscal  
 18 year 1962 not to exceed ~~\$500,000,000~~ \$300,000,000 for  
 19 use by the President for assistance authorized by part I in  
 20 accordance with the provisions applicable to the furnishing  
 21 of such assistance, when he determines such use to be im-  
 22 portant to the national interest.

23 (b) The President shall keep the ~~appropriate commit-~~  
 24 ~~tees of the Congress~~ *Committee on Foreign Relations and the*  
 25 *Committee on Appropriations of the Senate and the Speaker*



1 of the House of Representatives currently informed of the use  
2 of funds under this section.

3 PART II

4 CHAPTER 1—SHORT TITLE AND POLICY

5 SEC. 501. SHORT TITLE.—This part may be cited as the  
6 “International Peace and Security Act of 1961”.

7 SEC. 502. STATEMENT OF POLICY.—The Congress of  
8 the United States reaffirms the policy of the United States  
9 to achieve international peace and security through the  
10 United Nations so that armed force shall not be used except  
11 for individual or collective self-defense. The Congress here-  
12 by finds that the efforts of the United States and other coun-  
13 tries to promote peace and security require additional meas-  
14 ures of support based upon the principle of continuous and  
15 effective self-help and mutual aid. It is the purpose of this  
16 part to authorize measures in the common defense against  
17 internal and external aggression, including the furnishing  
18 of military assistance to countries and international organi-  
19 zations. In furnishing such military assistance, it remains  
20 the policy of the United States to continue to exert maxi-  
21 mum efforts to achieve universal control of weapons of mass  
22 destruction and universal regulation and reduction of arma-  
23 ments, including armed forces, under adequate safeguards  
24 to protect complying nations against violation and evasion.

25 The Congress recognizes that the peace of the world

1 and the security of the United States are endangered so  
2 long as international communism and the countries it con-  
3 trols continue by threat of military action, by the use of  
4 economic pressure, and by internal subversion, or other  
5 means to attempt to bring under their domination peoples  
6 now free and independent and continue to deny the rights  
7 of freedom and self-government to peoples and countries  
8 once free but now subject to such domination.

9 In enacting this legislation, it is therefore the intention  
10 of the Congress to promote the peace of the world and the  
11 foreign policy, security, and general welfare of the United  
12 States by fostering an improved climate of political inde-  
13 pendence and individual liberty, improving the ability of  
14 countries and international organizations to deter or, if  
15 necessary, defeat Communist or Communist-supported ag-  
16 gression, facilitating arrangements for individual and collec-  
17 tive security, assisting countries to maintain internal security,  
18 and creating an environment of security and stability in  
19 the developing countries essential to their more rapid social,  
20 economic, and political progress. Finally, the Congress  
21 urges that all other countries able to contribute join in a  
22 common undertaking to meet the goals stated in this part.

23 *SEC. 502. STATEMENT OF POLICY.—The Congress*  
24 *reaffirms the policy of the United States to achieve inter-*  
25 *national peace and security through the United Nations*



1 *and through the creation of conditions under which interna-*  
2 *tional disputes will be settled by peaceful means. The Con-*  
3 *gress recognizes that this goal cannot be achieved so long as*  
4 *the world is threatened with aggression by the forces of in-*  
5 *ternational communism, and the Congress reaffirms its belief*  
6 *that in these circumstances the security of the United States*  
7 *is strengthened by the security of other free and independent*  
8 *countries. Accordingly, it is the policy of the United States*  
9 *to furnish to such countries, upon request, cooperative mili-*  
10 *tary assistance of a kind and in an amount reasonably de-*  
11 *signed to help them provide for their own security against*  
12 *such aggression and for the security of international or-*  
13 *ganizations of which they may be members. It is the sense*  
14 *of the Congress that an important contribution toward peace*  
15 *would be made by the establishment under the Organization*  
16 *of American States of an international military force.*

17                   CHAPTER 2—MILITARY ASSISTANCE

18           SEC. 503. GENERAL AUTHORITY.—The President is  
19 authorized to furnish military assistance on such terms and  
20 conditions as he may determine, to any country or interna-  
21 tional organization, the assisting of which the President finds  
22 to be in the national interest, by—

23                   (a) acquiring from any source and providing (by  
24           loan, lease, sale, exchange, grant, or any other means)  
25           any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing such other financial assistance as may be necessary to carry out this part, including expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including those related to training or advice.

**SEC. 504. AUTHORIZATION.**—There is hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this part, which sums shall remain available until expended.

*SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, the sum of \$1,800,000,000 for each such fiscal year, which sums shall remain available until expended.*

*(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so*



1 *that programs of military assistance come into direct com-*  
 2 *petition for financial support with other activities and pro-*  
 3 *grams of the Department of Defense.*

4 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-  
 5 tary assistance to any country shall be furnished solely for  
 6 internal security, for legitimate self-defense, to permit the  
 7 recipient country to participate in regional or collective ar-  
 8 rangements or measures consistent with the Charter of the  
 9 United Nations, or otherwise to permit the recipient country  
 10 to participate in collective measures requested by the United  
 11 Nations for the purpose of maintaining or restoring interna-  
 12 tional peace and security.

13 (b) To the extent feasible and consistent with the other  
 14 purposes of this part, the use of military forces in less de-  
 15 veloped countries in the construction of public works and  
 16 other activities helpful to economic development shall be  
 17 encouraged.

18 SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to  
 19 such other provisions as the President may require, no de-  
 20 fense articles ~~or defense services~~ shall be furnished to any  
 21 country *on a grant basis* unless it shall have agreed that—

22 (a) it will not, without the consent of the Presi-  
 23 dent—

24 (1) permit any use of such articles ~~or services~~

by anyone not an officer, employee, or agent of that country,

(2) transfer ~~or divulge~~, or permit any officer, employee, or agent of that country to transfer ~~or divulge~~, such articles ~~or services~~, as the case may be, by gift, sale, or otherwise, or

(3) use or permit the use of such articles ~~or services~~ for purposes other than those for which furnished;

(b) it will maintain the security of such articles ~~or services~~, and will provide substantially the same degree of security protection afforded to such articles ~~or services~~ by the United States Government;

(c) it will, as the President may require, permit observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such ~~articles and services~~, other than those acquired by purchase ~~or exchange~~; and *articles*;

(d) it will—

(1) *join in promoting international understanding and good will, and maintaining world peace,*



1                   (2) take such action as may be mutually agreed  
2                   upon to eliminate causes of international tension,

3                   (3) fulfill the military obligations, if any, which  
4                   it has assumed under multilateral or bilateral agree-  
5                   ments or treaties to which *the United States* is a  
6                   party;

7                   (4) make, consistent with its political and eco-  
8                   nomic stability, the full contribution permitted by its  
9                   manpower, resources, facilities, and general eco-  
10                  nomic condition to the development and mainte-  
11                  nance of its own defensive strength, and

12                  (5) take all reasonable measures which may be  
13                  needed to develop its defense capacities;

14                  ~~(d)~~(e) unless the President consents to other dis-  
15                  position, it will return to the United States Government  
16                  for such use or disposition as the President considers in  
17                  the best interests of the United States, such articles,—~~other~~  
18                  ~~than those acquired by purchase or exchange,~~ which are  
19                  no longer needed for the purposes for which furnished.

20                  SEC. 507. SALES.—(a) The President may furnish de-  
21                  fense articles from the stocks of the Department of Defense  
22                  and defense services to any country or international organi-  
23                  zation, without reimbursement from funds made available  
24                  for use under this part, if such country or international or-  
25                  ganization agrees to pay the value thereof in United States

1 dollars. Payment shall be made in advance or, as deter-  
2 mined by the President to be in the best interests of the  
3 United States, within a reasonable period not to exceed three  
4 years after the delivery of the defense articles, or the pro-  
5 vision of the defense services. For the purposes of this  
6 subsection, the value of excess defense articles shall be not  
7 less than (i) the value specified in section 644 (m) (1)  
8 plus the scrap value, or (ii) the market value, if ascer-  
9 tainable, whichever is the greater.

10 (b) The President may, without requirement for charge  
11 to any appropriation or contract authorization otherwise pro-  
12 vided, enter into contracts for the procurement of defense  
13 articles or defense services for sale to any country or inter-  
14 national organization if such country or international organi-  
15 zation provides the United States Government with a de-  
16 pendable undertaking (i) to pay the full amount of such  
17 contract which will assure the United States Government  
18 against any loss on the contract, and (ii) to make funds  
19 available in such amounts and at such times as may be re-  
20 quired to meet the payments required by the contract, and  
21 any damages and costs that may accrue from the cancella-  
22 tion of such contract, in advance of the time such payments,  
23 damages, or costs are due.

24 SEC. 508. REIMBURSEMENTS.—Whenever funds made  
25 available for use under this part are used to furnish mili-



1 tary assistance on cash or credit terms, United States  
2 dollar repayments, including dollar proceeds derived from  
3 the sale to any agency of the United States Government  
4 or program of foreign currency repayments, shall be credited  
5 to the current applicable appropriation, and shall be avail-  
6 able until expended solely for the purpose of furnish-  
7 ing further military assistance on cash or credit terms, and,  
8 notwithstanding any provision of law relating to receipts  
9 and credits accruing to the United States Government,  
10 repayments in foreign currency may be used to carry out  
11 this part.

12 SEC. 509. EXCHANGES.—Defense articles or defense  
13 services transferred to the United States Government by a  
14 country or international organization as payment for assist-  
15 ance furnished under this part may be used to carry out this  
16 part, or may be disposed of or transferred to any agency  
17 of the United States Government for stockpiling or other  
18 purposes. If such disposal or transfer is made subject to  
19 reimbursement, the funds so received shall be credited to the  
20 appropriation, fund, or account funding the cost of the as-  
21 sistance furnished or to any appropriation, fund, or account  
22 currently available for the same general purpose.

23 SEC. 510. SPECIAL AUTHORITY.—(a) The President  
24 may, if he determines it to be vital to the security of the  
25 United States, order defense articles from the stocks of the

1 Department of Defense and defense services for the purposes  
2 of part II, subject to subsequent reimbursement therefor  
3 from subsequent appropriations available for military assist-  
4 ance. The value of such orders under this subsection in any  
5 fiscal year shall not exceed ~~\$400,000,000~~ \$200,000,000.  
6 Prompt notice of action taken under this subsection shall be  
7 given to the Committees on Foreign Relations, Appropria-  
8 tions, and Armed Services of the Senate and the Speaker  
9 of the House of Representatives.

10 (b) The Department of Defense is authorized to incur,  
11 in applicable appropriations, obligations in anticipation of  
12 reimbursements in amounts equivalent to the value of such  
13 orders under subsection (a) of this section. Appropriations  
14 to the President of such sums as may be necessary to reim-  
15 burse the applicable appropriation, fund, or account for such  
16 orders are hereby authorized.

17 *SEC. 511. RESTRICTIONS ON MILITARY AID TO*  
18 *LATIN AMERICA.—(a) The value of grant programs of*  
19 *defense articles for American Republics, pursuant to any*  
20 *authority contained in this part other than section 507, in*  
21 *any fiscal year beginning with the fiscal year 1962, shall*  
22 *not exceed \$55,000,000: Provided, That an amount equal*  
23 *to the amount by which the foregoing ceiling reduces the*  
24 *program as presented to the Congress for the fiscal year*  
25 *1962 shall be transferred to and consolidated with the appro-*



1 priation made pursuant to section 212 and shall be used for  
2 development grants in American Republics.

3       (b) Internal security requirements shall not, unless the  
4       President determines otherwise, be the basis for military assist-  
5       ance programs for American Republics.

## PART III

## CHAPTER 1—GENERAL PROVISIONS

8        SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND  
9        PRIVATE PARTICIPATION.— (a) The Congress of the United  
10       States recognizes the vital role of free enterprise in achieving  
11       rising levels of production and standards of living essential  
12       to economic progress and development. Accordingly, it is  
13       declared to be the policy of the United States to encourage  
14       the efforts of other countries to increase the flow of inter-  
15       national trade, to foster private initiative and competition,  
16       to discourage monopolistic practices, to improve the technical  
17       efficiency of their industry, agriculture, and commerce, and  
18       to strengthen free labor unions; and to encourage the con-  
19       tribution of United States enterprise toward economic  
20       strength of less developed countries, through private trade  
21       and investment abroad, private participation in programs  
22       carried out under this Act (including the use of private trade  
23       channels to the maximum extent practicable in carrying out  
24       such programs), and exchange of ideas and technical infor-  
25       mation on the matters covered by this subsection.

1 (b) In order to encourage and facilitate participation by  
2 private enterprise to the maximum extent practicable in  
3 achieving any of the purposes of this Act, the President  
4 shall—

5 (1) make arrangements to find, and draw the atten-  
6 tion of private enterprise to, opportunities for investment  
7 and development in less-developed countries and areas;

8 (2) accelerate a program of negotiating treaties for  
9 commerce and trade, including tax treaties, which  
10 shall include provisions to encourage and facilitate the  
11 flow of private investment to, and its equitable treatment  
12 in, countries and areas participating in programs under  
13 this Act; and

14 (3) seek, consistent with the national interest, com-  
15 pliance by other countries or areas with all treaties for  
16 commerce and trade and taxes, and take all reasonable  
17 measures under this Act or other authority to secure  
18 compliance therewith and to assist United States citi-  
19 zens in obtaining just compensation for losses sustained  
20 by them or payments exacted from them as a result  
21 of measures taken or imposed by any country or area  
22 thereof in violation of any such treaty.

23 SEC. 602. SMALL BUSINESS.—(a) Insofar as practi-  
24 cable and to the maximum extent consistent with the  
25 accomplishment of the purposes of this Act, the President



1 shall assist American small business to participate equitably  
2 in the furnishing of commodities, defense articles, and serv-  
3 ices (including defense services) financed with funds made  
4 available under this Act—

5 (1) by causing to be made available to suppliers  
6 in the United States, and particularly to small inde-  
7 pendent enterprises, information, as far in advance as  
8 possible, with respect to purchases proposed to be  
9 financed with such funds;

10 (2) by causing to be made available to prospective  
11 purchasers in the countries and areas receiving assist-  
12 ance under this Act information as to such commodities,  
13 articles, *and* services produced by small independent  
14 enterprises in the United States; and

15 (3) by providing for additional services to give  
16 small business better opportunities to participate in the  
17 furnishing of such commodities, articles, and services  
18 financed with such funds.

19 *(b) There shall be an Office of Small Business, headed*  
20 *by a Special Assistant for Small Business, in such agency of*  
21 *the United States Government as the President may direct, to*  
22 *assist in carrying out the provisions of subsection (a) of this*  
23 *section.*

24 *(c) The Secretary of Defense shall assure that there is*  
25 *made available to suppliers in the United States, and par-*

1 *ticularly to small independent enterprises, information with*  
2 *respect to purchases made by the Department of Defense*  
3 *pursuant to part II, such information to be furnished as far*  
4 *in advance as possible.*

5 SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

6 The ocean transportation *between foreign countries* of com-  
7 modities and defense articles purchased with foreign cur-  
8 rencies made available or derived from funds made available  
9 under this Act or the Agricultural Trade Development and  
10 Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.),  
11 and transfers of fresh fruit and products thereof under this  
12 Act, shall not be governed by the provisions of section  
13 901 (b) of the Merchant Marine Act of 1936, as amended  
14 (46 U.S.C. 1241), or any other law relating to the ocean  
15 transportation of commodities on United States flag vessels.

16 SEC. 604. PROCUREMENT.—(a) Funds made available  
17 under this Act may be used for procurement outside the  
18 United States ~~unless~~ *only if* the President determines that  
19 such procurement will *not* result in adverse effects upon  
20 the economy of the United States or the industrial mobiliza-  
21 tion base, with special reference to any areas of labor surplus  
22 or to the net position of the United States in its balance  
23 of trade with the rest of the world, which outweigh the  
24 economic or other advantages to the United States of less  
25 costly procurement outside the United States, *and only if*



1 *the price of the commodity procured is lower than the market*  
2 *price prevailing in the United States at the time of pro-*  
3 *curement, adjusted for differences in the cost of transporta-*  
4 *tion to destination, quality, and terms of payment.*

5 (b) No funds made available under this Act shall be  
6 used for the purchase in bulk of any commodities at prices  
7 higher than the market price prevailing in the United States  
8 at the time of purchase, adjusted for differences in the cost  
9 of transportation to destination, quality, and terms of pay-  
10 ment.

11 (c) In providing for the procurement of any surplus  
12 agricultural commodity for transfer by grant under this Act  
13 to any recipient in accordance with its requirements, the  
14 President shall, insofar as practicable and ~~where, in~~ *when in*  
15 furtherance of the purposes of this Act, authorize the pro-  
16 curement of such surplus agricultural commodity only  
17 within the United States except to the extent that such  
18 surplus agricultural commodity is not available in the United  
19 States in sufficient quantities to supply ~~the~~ *emergency* re-  
20 quirements of recipients under this Act.

21 SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any  
22 commodities and defense articles procured to carry out this  
23 Act shall be retained by, or upon reimbursement, transferred  
24 to, and for the use of, such agency of the United States  
25 Government as the President may determine in lieu of be-

1 ing disposed of to a foreign country or international organiza-  
2 tion, whenever in the judgment of the President the best  
3 interests of the United States will be served thereby. Any  
4 commodities or defense articles so retained may be disposed  
5 of without regard to provisions of law relating to the dis-  
6 posal of property owned by the United States Government,  
7 when necessary to prevent spoilage or wastage of such  
8 commodities or defense articles or to conserve the usefulness  
9 thereof. Funds realized from any disposal or transfer shall  
10 revert to the respective appropriation, fund, or account used  
11 to procure such commodities or defense articles or to the  
12 appropriation, fund, or account currently available for the  
13 same general purpose.

14 (b) Whenever commodities are transferred to the  
15 United States Government as repayment of assistance under  
16 this Act, such commodities may be used in furtherance of  
17 the purposes of this Act.

18 SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

19 (a) Whenever, in connection with the furnishing of assist-  
20 ance under this Act—

21 (1) an invention or discovery covered by a patent  
22 issued by the United States Government is practiced  
23 within the United States without the authorization of  
24 the owner, or

25 (2) information, which is (i) protected by law,



1       and (ii) held by the United States Government sub-  
2       ject to restrictions imposed by the owner, is disclosed  
3       by the United States Government or any of its officers,  
4       employees, or agents in violation of such restrictions,  
5       the exclusive remedy of the owner, except as provided in  
6       subsection (b) of this section, is to sue the United States  
7       Government for reasonable and entire compensation for such  
8       practice or disclosure in the District Court of the United  
9       States for the district in which such owner is a resident, or  
10      in the Court of ~~Claims within~~ *Claims, within* six years after  
11      the cause of action arises. Any period during which the  
12      United States Government is in possession of a written  
13      claim under subsection (b) of this section before mailing a  
14      notice of denial of that claim does not count in computing the  
15      six years. In any such suit, the United States Government  
16      may plead any defense that may be pleaded by a private per-  
17      son in such an action. [The last paragraph of section 1498  
18      (a) of title 28 of the United States Code shall apply to  
19      inventions and information covered by this section.

20       (b) Before suit against the United States Government  
21      has been instituted, the head of the agency of the United  
22      States Government concerned may settle and pay any claim  
23      arising under the circumstances described in subsection (a)  
24      of this section. No claim may be paid under this subsection

1 unless the amount tendered is accepted by the claimant in  
2 full satisfaction.

3 SEC. 607. FURNISHING OF SERVICES AND COMMODI-  
4 TIES.—Whenever the President determines it to be in fur-  
5 therance of the purposes of part I, any agency of the United  
6 States Government is authorized to furnish services and com-  
7 modities on an advance-of-funds or reimbursement basis to  
8 nations, international organizations, the American Red  
9 Cross, and voluntary nonprofit relief agencies registered with  
10 and approved by the Advisory Committee on Voluntary  
11 Foreign Aid. Such advances or reimbursements which are  
12 received under this section within one hundred and eighty  
13 days after the close of the fiscal year in which such serv-  
14 ices and commodities are delivered, may be credited to the  
15 current applicable appropriation, account, or fund of the  
16 agency concerned and shall be available for the purposes for  
17 which such appropriation, account, or fund is authorized to  
18 be used.

19 SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—  
20 The President is authorized to maintain in a separate ac-  
21 count, which shall, notwithstanding section 1210 of the  
22 General Appropriation Act, 1951 (64 Stat. 765), be free  
23 from fiscal year limitation, \$5,000,000 of funds made avail-  
24 able under section 212, which may be used to pay costs of



1 acquisition, storage, renovation and rehabilitation, packing,  
2 crating, handling, transportation, and related costs of prop-  
3 erty classified as domestic ~~and~~ *or* foreign excess property pur-  
4 suant to the Federal Property and Administrative Services  
5 Act of 1949, as amended (40 U.S.C. 471 et seq.), ~~and or~~  
6 other property, in advance of known requirements therefor  
7 for use in furtherance of the purposes of part I. Property  
8 acquired pursuant to the preceding sentence may be fur-  
9 nished (i) pursuant to any provision of part I for which  
10 funds are authorized for the furnishing of assistance, in which  
11 case the separate account established pursuant to this sec-  
12 tion shall be repaid from funds made available for such pro-  
13 vision for all costs incurred, or (ii) pursuant to section 607,  
14 in which case such separate account shall be repaid in ac-  
15 cordance with the provisions of that section for all costs  
16 incurred.

17       SEC. 609. TRANSFER OF STOCKPILE AND OTHER  
18 MATERIALS.—(a) Upon request from the agency primarily  
19 responsible for administering part I, specified amounts of  
20 designated materials in the categories described in para-  
21 graphs (1) and (2) below may be transferred to that  
22 agency for use pursuant to the provisions of part I without  
23 reimbursement (except for costs incident to such transfer,  
24 which shall be paid or reimbursed from funds available under  
25 part I: *Provided*, That it has been determined in accordance

1 with the laws referred to in paragraphs ~~(1)~~ and ~~(2)~~ below  
2 that such amounts are not required for the national security  
3 and that their transfer is not inconsistent with the national  
4 interest:

5 ~~(1)~~ materials held for United States Government  
6 use or resale pursuant to section ~~303(a)~~ of the Defense  
7 Production Act of 1950, as amended ~~(50 U.S.C. App.~~  
8 ~~2093(a))~~; and

9 ~~(2)~~ materials held in the national stockpile estab-  
10 lished pursuant to the Strategic and Critical Materials  
11 Stock Piling Act, as amended ~~(50 U.S.C. 98 et seq.)~~;  
12 and materials held in the supplemental stockpile estab-  
13 lished pursuant to section ~~104(b)~~ of the Agricultural  
14 Trade Development and Assistance Act of 1954, as  
15 amended ~~(7 U.S.C. 1704(b))~~.

16 ~~(b)~~ Materials described in subsection ~~(a)~~ of this section  
17 may be used to pay in kind costs of providing through nor-  
18 mal commercial channels for the refining or processing of  
19 other such materials to be transferred under that subsection  
20 into a form better suited for use pursuant to the provisions  
21 of part I. Such refining or processing may take place either  
22 before or after the transfer to the agency primarily respon-  
23 sible for administering part I.

24 ~~(c)~~ In the case of transfers or other uses pursuant to  
25 this section of materials described in paragraph ~~(1)~~ of sub-



1 section ~~(a)~~ of this section; notes payable to the Secretary of  
 2 the Treasury and issued pursuant to section 304~~(b)~~ of the  
 3 Defense Production Act of 1950, as amended ~~(50 U.S.C.~~  
 4 ~~app. 2094(b))~~, which represent the acquisition costs of  
 5 such materials, shall be canceled.

6 ~~(d)~~ Materials described in paragraph ~~(2)~~ of subsection  
 7 ~~(a)~~ of this section shall not be transferred pursuant to this  
 8 section until sixty days after the submission to the Congress  
 9 and publication in the Federal Register of a plan of transfer  
 10 which shall be fixed with due regard for the value of the  
 11 transfer in furthering the purposes of part I and for the pro-  
 12 tection of producers, processors, and consumers against seri-  
 13 ous disruption of their usual markets, and which shall state  
 14 the amount of materials involved. Such materials shall be  
 15 transferred only if the Congress shall not have disapproved  
 16 such plan before the termination of such sixty-day period.

17 *SEC. 609. SPECIAL ACCOUNT.—(a) In cases where*  
 18 *any commodity is to be furnished on a grant basis under*  
 19 *part I under arrangements which will result in the accrual*  
 20 *of proceeds to the recipient country from the import or sale*  
 21 *thereof, the President may require the recipient country to*  
 22 *establish a Special Account, and*

23 *(1) deposit in the Special Account, under such*  
 24 *terms and conditions as may be agreed upon, currency*

1 of the recipient country in amounts equal to such  
2 proceeds;

3 (2) make available to the United States Govern-  
4 ment such portion of the Special Account as may be  
5 determined by the President to be necessary for the  
6 requirements of the United States: Provided, That such  
7 portion shall not be less than 10 per centum in the  
8 case of any country to which such minimum require-  
9 ment has been applicable under any Act repealed by  
10 this Act; and

11 (3) utilize the remainder of the Special Account  
12 for programs agreed to by the United States Govern-  
13 ment to carry out the purposes for which new funds  
14 authorized by this Act would themselves be available:  
15 Provided, That whenever funds from such Special Ac-  
16 count are used by a country to make loans, all funds  
17 received in repayment of such loans prior to termina-  
18 tion of assistance to such country shall be reused only  
19 for such purposes as shall have been agreed to between  
20 the country and the United States Government.

21 (b) Any unencumbered balances of funds which remain  
22 in the Account upon termination of assistance to such coun-  
23 try under this Act shall be disposed of for such purposes



1 *as may, subject to approval by the Act of the Congress, be*  
2 *agreed to between such country and the United States*  
3 *Government.*

4       SEC. 610. TRANSFER BETWEEN ACCOUNTS.—When-  
5 ever the President determines it to be necessary for the  
6 purposes of this Act, not to exceed 10 per centum of the  
7 funds made available for any provision of this Act may  
8 be transferred to, and consolidated with, the funds made  
9 available for any other provision of this Act, and may be  
10 used for any of the purposes for which such funds may be  
11 used, except that the total in the provision for the benefit  
12 of which the transfer is made shall not be increased by  
13 more than 20 per centum of the amount of funds made  
14 available for such provision.

15       SEC. 611. COMPLETION OF PLANS AND COST ESTI-  
16 MATES.—(a) No agreement or grant which constitutes an  
17 obligation of the United States Government in excess of  
18 \$100,000 under section 1311 of the Supplemental Appro-  
19 priation Act, 1955, as amended (31 U.S.C. 200), shall be  
20 made for any assistance authorized under titles I and II  
21 of chapter 2 and chapter 4 of part I—

22               (1) if such agreement or grant requires substantive  
23 technical or financial planning, until engineering, finan-  
24 cial, and other plans necessary to carry out such assist-  
25 ance, and a reasonably firm estimate of the cost to the

1 United States Government of providing such assistance,  
2 have been completed; and

3 (2) if such agreement or grant requires legislative  
4 action within the recipient country, unless such legisla-  
5 tive action may reasonably be anticipated to be com-  
6 pleted in time to permit the orderly accomplishment of  
7 the purposes of such agreement or grant.

8 (b) Plans required under subsection (a) of this section  
9 for any water or related land resource construction project  
10 or program shall include a computation of benefits and costs  
11 made insofar as practicable in accordance with the procedures  
12 set forth in Circular A-47 of the Bureau of the Budget with  
13 respect to such computations.

14 (c) To the maximum extent practicable, all contracts  
15 for construction outside the United States made in connection  
16 with any agreement or grant subject to subsection (a) of  
17 this section shall be made on a competitive basis.

18 (d) Subsection (a) of this section shall not apply to  
19 any assistance furnished for the sole purpose of preparation  
20 of engineering, financial, and other plans.

21 SEC. 612. USE OF FOREIGN CURRENCIES.—Except as  
22 otherwise provided in this Act or other Acts, foreign curren-  
23 cies received either (1) as a result of the furnishing of non-  
24 military assistance under the Mutual Security Act of 1954,  
25 as amended, or any Act repealed thereby, and unobligated



1 on the date prior to the effective date of this Act, or (2) on  
2 or after the effective date of this Act, as a result of the fur-  
3 nishing of nonmilitary assistance under the Mutual Security  
4 Act of 1954, as amended, or any Act repealed thereby, or  
5 (3) as a result of the furnishing of assistance under part I,  
6 *which are in excess of amounts reserved under authority of*  
7 *section 105(d) of the Mutual Educational and Cultural Ex-*  
8 *change Act of 1961 or any other Act relating to educational*  
9 *and cultural exchanges*, may be sold by the Secretary of the  
10 Treasury to agencies of the United States Government for  
11 payment of their obligations outside the United States, and  
12 the United States dollars received as reimbursement shall be  
13 deposited into miscellaneous receipts of the Treasury. For-  
14 eign currencies so received which are in excess of *the*  
15 *amounts so reserved and of the requirements of the United*  
16 *States Government in payment of its obligations outside the*  
17 *United States*, as such requirements may be determined from  
18 time to time by the President, may be used, notwithstanding  
19 any law relating to receipts and credits accruing to the United  
20 States Government for programs of assistance in furtherance  
21 of the purposes of part I.

22       *SEC. 613. ACCOUNTING, VALUATION, REPORTING,*  
23 *AND AUDITING OF FOREIGN CURRENCIES.—(a) Under the*  
24 *direction of the President, the Secretary of the Treasury*  
25 *shall have responsibility for accounting and valuation with*

1 *respect to foreign credits (including currencies) owed to or*  
2 *owned by the United States. In order to carry out such re-*  
3 *sponsibility the Secretary shall issue regulations binding upon*  
4 *all agencies of the Government.*

5 *(b) The Secretary of the Treasury shall have sole*  
6 *authority to establish for all foreign currencies or credits the*  
7 *exchange rates at which such currencies are to be used by all*  
8 *agencies of the Government.*

9 *(c) Each agency or department shall report to the Secre-*  
10 *tary of the Treasury an inventory as of June 30, 1961,*  
11 *showing the amount of all foreign currencies on hand of*  
12 *each of the respective countries, and the Secretary of the*  
13 *Treasury shall consolidate these reports as of the same date*  
14 *and submit to the Congress this consolidated report broken*  
15 *down by agencies, by countries, by units of foreign currencies*  
16 *and their dollar equivalent. Thereafter, semiannually, simi-*  
17 *lar reports are to be submitted by the agencies to the Treasury*  
18 *Department and then presented to the Congress by the Secre-*  
19 *tary of the Treasury.*

20 *(d) The Comptroller General is instructed to audit this*  
21 *first Treasury Department's report as of June 30, 1961, and*  
22 *report to the Congress his findings. Thereafter, the Comp-*  
23 *troller General is given discretionary authority to audit sub-*  
24 *sequent reports.*

25 **SEC. 613 614. SPECIAL AUTHORITIES.—**(a) The Presi-



1 dent may authorize in each fiscal year the use of funds made  
2 available for use under this Act and the furnishing of assist-  
3 ance under section 510 in a total amount not to exceed  
4 ~~\$250,000,000, without~~ *\$250,000,000 without* regard to the  
5 requirements of this Act, any Act appropriating funds for  
6 use under this Act, or the Mutual Defense Assistance Con-  
7 trol Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance  
8 of any of the purposes of such Acts, when the President  
9 determines that such authorization is required by the national  
10 interest.

11 (b) Whenever the President determines it to be im-  
12 portant to the national interest, he may use funds available  
13 for the purposes of chapter 4 of part I in order to meet the  
14 responsibilities or objectives of the United States in Ger-  
15 many, including West Berlin, and without regard to such  
16 provisions of law as he determines should be disregarded  
17 to achieve this purpose.

18 (c) The President is authorized to use amounts not to  
19 exceed \$50,000,000 of the funds made available under this  
20 Act pursuant to his certification that it is inadvisable to  
21 specify the nature of the use of such funds, which certifica-  
22 tion shall be deemed to be a sufficient voucher for such  
23 amounts.

24 SEC. 614 615. CONTRACT AUTHORITY.—Provisions of  
25 this Act authorizing the appropriation of funds shall be con-

1 strued to authorize the granting in any appropriation Act of  
 2 authority to enter into contracts, within the amounts so  
 3 authorized to be appropriated, creating obligations in ad-  
 4 vance of appropriations.

5 SEC. ~~615~~ 616. AVAILABILITY OF FUNDS.—Except as  
 6 otherwise provided in this Act, funds shall be available to  
 7 carry out the provisions of this Act as authorized and appro-  
 8 priated to the President each fiscal year.

9 SEC. ~~616~~ 617. TERMINATION OF ASSISTANCE.—(a)  
 10 Assistance under any provision of this Act may, unless  
 11 sooner terminated by the President, be terminated by ~~Act of~~  
 12 ~~the Congress~~ *concurrent resolution*. Funds made available  
 13 under this Act shall remain available for a period not to  
 14 exceed twelve months from the date of termination of as-  
 15 sistance under this Act for the necessary expenses of wind-  
 16 ing up programs related thereto.

17 (b) *In any case in which the President determines that*  
 18 *subsequent to July 24, 1959, a country has nationalized*  
 19 *or expropriated the property of any United States citizen,*  
 20 *or any corporation, partnership, or other association created*  
 21 *under the law of the United States or of any State or terri-*  
 22 *tory and substantially beneficially owned by United States*  
 23 *citizens, and has failed within six months of such nationali-*  
 24 *zation or expropriation to take steps determined by the Presi-*  
 25 *dent to be appropriate to discharge its obligations under in-*



1 *ternational law toward such citizen, corporation, partner-*  
 2 *ship, or association, the President shall, unless he determines*  
 3 *it to be inconsistent with the national interest, suspend assist-*  
 4 *ance under this Act to such country until he is satisfied that*  
 5 *appropriate steps are being taken.*

6 *SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMER-*  
 7 *ICA.—Economic assistance to Latin America pursuant to*  
 8 *chapter 2 of part I of this Act shall be furnished in accord-*  
 9 *ance with the principles of the Act of Bogotá signed on*  
 10 *September 13, 1960.*

11 *SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT*  
 12 *COUNTRIES.—Assistance under part I of this Act to newly*  
 13 *independent countries shall, to the maximum extent appro-*  
 14 *priate in the circumstances of each case, be furnished through*  
 15 *multilateral organizations or in accordance with multilateral*  
 16 *plans, on a fair and equitable basis with due regard to self-*  
 17 *help.*

18 *CHAPTER 2—ADMINISTRATION ADMINISTRATIVE*  
 19 *PROVISIONS*

20 *SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-*  
 21 *dent may exercise any functions conferred upon him by this*  
 22 *Act through such agency or officer of the United States Gov-*  
 23 *ernment as he shall direct. The head of any such agency or*  
 24 *such officer may from time to time promulgate such rules and*  
 25 *regulations as may be necessary to carry out such functions,*

1 and may delegate authority to perform any such functions,  
2 including, if he shall so specify, the authority successively to  
3 redelegate any of such functions, to any of his subordinates.

4 (b) Notwithstanding the provisions of section 642 (a) ,  
5 the *corporate entity known as the Development Loan Fund*,  
6 *Fund* and the International Cooperation ~~Administration~~, and  
7 the ~~Office of the Inspector General and Comptroller Adminis-~~  
8 *tration* shall continue in existence for a period not to exceed  
9 sixty days after the effective date of this Act, unless sooner  
10 abolished by the President. There shall continue to be avail-  
11 able to each such agency and office during such period the  
12 respective functions, offices, personnel, property, records,  
13 funds, and assets which were available thereto on the date  
14 prior to the effective date of this Act.

15 (c) On the date of the abolition of the *corporate entity*  
16 *known as the Development Loan Fund*, the President shall  
17 designate an officer or head of an agency of the United States  
18 Government carrying out functions under part I to whom  
19 shall be transferred, and who shall accept and assume, the  
20 assets, obligations, ~~liabilities~~ *and liabilities of*, and rights  
21 established or acquired for the benefit of, or with respect to,  
22 the Fund as of the date of abolition and not otherwise dis-  
23 posed of by this Act. In addition, on such date the Presi-  
24 dent shall designate such officer or head of agency as the  
25 person to be sued in the event of default in the fulfillment



1 of the obligations of the Fund, and shall transfer to such  
2 officer or head of agency *all personnel of the Fund, and*  
3 *such offices, entities, functions, ~~personnel~~, property, and*  
4 *records of the ~~fund~~ Fund as may be necessary. Not later*  
5 *than ninety days after the date of such transfer, the President*  
6 *shall transmit to the Congress a final report of the operations*  
7 *and condition (as of the date of the transfer) of such Fund.*

8 (d) On the date of the abolition of the International  
9 Cooperation Administration ~~and the Office of the Inspector~~  
10 ~~General and Comptroller~~, the President shall transfer to an  
11 officer or head of an agency of the United States Govern-  
12 ment carrying out functions under part I *all personnel of such*  
13 *agency, and such offices, entities, functions, ~~personnel~~, prop-*  
14 *erty, records, and funds of such agency and office, not other-*  
15 *wise disposed of by this Act, as may be necessary.*

16 (e) On the date of the abolition of the agencies  
17 referred to in subsections (c) and (d) of this section, the  
18 President shall designate an officer or head of an agency of  
19 the United States Government carrying out functions under  
20 part I to whom shall be transferred, and who shall accept,  
21 the assets, obligations, and liabilities of, and the rights estab-  
22 lished or acquired for the benefit of, or with respect to, the  
23 Export-Import Bank of Washington related to the loans  
24 made by the Bank pursuant to section 104(e) of the Agri-

1 *cultural Trade Development and Assistance Act of 1954, as*  
2 *amended (7 U.S.C. 1704(e)). In addition, on such date*  
3 *the President shall designate such officer or head of agency to*  
4 *be sued in the event of default in the fulfillment of such obliga-*  
5 *tions of the Bank, and shall transfer to such officer or head*  
6 *of agency such records of the Bank as may be necessary.*

7 *SEC. 622. COORDINATION WITH FOREIGN POLICY.—*

8 *(a) Nothing contained in this Act shall be construed to*  
9 *infringe upon the powers or functions of the Secretary of*  
10 *State.*

11 *(b) The President shall prescribe appropriate procedures*  
12 *to assure coordination among representatives of the United*  
13 *States Government in each country, under the leadership of*  
14 *the Chief of the United States Diplomatic Mission. The Chief*  
15 *of the diplomatic mission shall make sure that recommenda-*  
16 *tions of such representatives pertaining to military assistance*  
17 *are coordinated with political and economic considerations,*  
18 *and his comments shall accompany such recommendations if*  
19 *he so desires.*

20 *(c) Under the direction of the President, the Secretary*  
21 *of State shall be responsible for the continuous supervision*  
22 *and general direction of the assistance programs authorized*  
23 *by this Act, including but not limited to determining whether*  
24 *there shall be a military assistance program for a country*



1 *and the value thereof, to the end that such programs are*  
2 *effectively integrated both at home and abroad and the*  
3 *foreign policy of the United States is best served thereby.*

4 *SEC. 623. THE SECRETARY OF DEFENSE.—(a) In*  
5 *the case of aid under part II of this Act, the Secretary of*  
6 *Defense shall have primary responsibility for—*

7 *(1) the determination of military end-item require-*  
8 *ments;*

9 *(2) the procurement of military equipment in a*  
10 *manner which permits its integration with service*  
11 *programs;*

12 *(3) the supervision of end-item use by the recipient*  
13 *countries;*

14 *(4) the supervision of the training of foreign mili-*  
15 *tary personnel;*

16 *(5) the movement and delivery of military end-*  
17 *items; and*

18 *(6) within the Department of Defense, the per-*  
19 *formance of any other functions with respect to the*  
20 *furnishing of military assistance.*

21 *(b) The establishment of priorities in the procurement,*  
22 *delivery, and allocation of military equipment shall be deter-*  
23 *mined by the Secretary of Defense.*

24 *SEC. ~~622~~ 624. STATUTORY OFFICERS.—(a) The Presi-*  
25 *dent may appoint, by and with the advice and consent of*

1 the Senate, twelve officers in the agency primarily respon-  
2 sible for administering part I, of whom—

3 (1) one shall have the rank of an Under Secretary  
4 and shall be compensated at a rate not to exceed the rate  
5 authorized by law for any Under Secretary of an Execu-  
6 tive Department;

7 (2) two shall have the rank of Deputy Under Sec-  
8 retaries and shall be compensated at a rate not to exceed  
9 the rate authorized by law for any Deputy Under Secre-  
10 tary of an Executive Department, *of whom one shall*  
11 *have, among the duties delegated to him, general super-*  
12 *vision over the Development Loan Fund established pur-*  
13 *suant to section 201(a); and*

14 (3) nine shall have the rank of Assistant Secretaries  
15 and shall be compensated at a rate not to exceed the rate  
16 authorized by law for any Assistant Secretary of an  
17 Executive Department, *of whom one shall be the head*  
18 *of the Office of the Development Loan Fund established*  
19 *pursuant to section 205(b).*

20 (b) Within the limitations established by subsection (a)  
21 of this section, the President may fix the rate of compensa-  
22 tion, and may designate the title of, any officer appointed  
23 pursuant to the authority contained in that subsection. The  
24 President may also fix the order of succession among the  
25 officers provided for in paragraphs (2) and (3) of subsec-



tion (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

~~(e) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) may be appointed by the President to a position authorized by subsection (a) of this section without further action by the Senate.~~

*(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.*

(d) Notwithstanding the provisions of sections 642 (a) (1) and 642 (a) (2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections ~~205(b), 527(b), and 533A~~ 205(b) and 527(b) of the Mutual Security Act of 1954, as amended, and Reorganization Plan Numbered 7

1 of 1953, may continue to hold such office or position, subject to  
 2 the discretion of the head of the agency primarily responsible  
 3 for administering part I, for a period of not more than sixty  
 4 days following the effective date of this Act.

5 SEC. ~~623~~ 625. EMPLOYMENT OF PERSONNEL.—(a)  
 6 Any agency or officer of the United States Government  
 7 carrying out functions under this Act is authorized to employ  
 8 such personnel as the President deems necessary to carry  
 9 out the provisions and purposes of this Act.

10 (b) Of the personnel employed in the United States to  
 11 carry out part I or coordinate part I and part II, not to  
 12 exceed eighty-five may be appointed, compensated, ~~and~~ *or* re-  
 13 moved without regard to the provisions of any law, of whom  
 14 not to exceed sixty may be compensated at rates higher than  
 15 those provided for grade 15 of the general schedule estab-  
 16 lished by the Classification Act of 1949, as amended (5  
 17 U.S.C. 1071 et seq.), and of these, not to exceed ten may  
 18 be compensated at a rate in excess of the highest rate pro-  
 19 vided for grades of such general schedule but not in excess  
 20 of \$19,000 per year: *Provided, That* persons appointed to  
 21 serve in the agency primarily responsible for administering  
 22 part I or in the agency responsible for coordinating part I  
 23 and part II, who have served in such agency prior to ap-  
 24 pointment to one of the above positions shall be entitled to  
 25 reinstatement in such agency *That, under such regulations*



1 *as the President shall prescribe, officers and employees of the*  
2 *United States Government who are appointed to any of the*  
3 *above positions may be entitled, upon removal from such*  
4 *position, to reinstatement to the position occupied at the*  
5 *time of appointment or to a position of comparable grade*  
6 *and salary. Such positions shall be in addition to those au-*  
7 *thorized by law to be filled by Presidential appointment, and*  
8 *in addition to the number authorized by section 505 of the*  
9 *Classification Act of 1949, as amended.*

10 (c) Of the personnel employed in the United States  
11 to carry out part II, not to exceed twelve may be compen-  
12 sated at rates higher than those provided for grade 15 of  
13 the general schedule established by the Classification Act  
14 of 1949, as amended, and of these, not to exceed three  
15 may be compensated at a rate in excess of the highest rate  
16 provided for grades of such general schedule but not in  
17 excess of \$19,000 per year. Such positions shall be in  
18 addition to those authorized by law to be filled by Presi-  
19 dential appointment, and in addition to the number author-  
20 ized by section 505 of the Classification Act of 1949, as  
21 amended.

22 (d) For the purpose of performing functions under this  
23 Act outside the United States the President may—

24 (1) employ or assign persons, or authorize the  
25 employment or assignment of officers or employees of by

1 agencies of the United States Government, who shall  
2 receive compensation at any of the rates provided for  
3 the Foreign Service Reserve and Staff by the Foreign  
4 Service Act of 1946, as amended (22 U.S.C. 801  
5 et seq.), together with allowances and benefits there-  
6 under; and persons so employed or assigned shall be  
7 entitled, except to the extent that the President may  
8 specify otherwise in cases in which the period of em-  
9 ployment or assignment exceeds thirty months, to the  
10 same benefits as are provided by section 528 of that  
11 Act for persons appointed to the Foreign Service Re-  
12 serve, and the provisions of section 1005 of that Act  
13 shall apply in the case of such persons, except that  
14 policymaking officials shall not be subject to that part  
15 of section 1005 of that Act which prohibits political  
16 tests; and

17 (2) utilize such authority, including authority to  
18 appoint and assign personnel for the duration of opera-  
19 tions under this Act, contained in the Foreign Service  
20 Act of 1946, as amended, as the President deems neces-  
21 sary to carry out functions under this Act; and such  
22 provisions of the Foreign Service Act of 1946, as  
23 amended, as the President deems appropriate shall apply  
24 to personnel appointed or assigned under this paragraph,



1 including in all cases, the provisions of section 528 of  
2 that Act: *Provided, however,* That the President may  
3 by regulation make exceptions to the application of sec-  
4 tion 528 in cases in which the period of the appointment  
5 or assignment exceeds thirty months: *Provided further,*  
6 That Foreign Service Reserve officers appointed or  
7 assigned pursuant to this paragraph shall receive within-  
8 class salary increases in accordance with such regulations  
9 as the President may prescribe: *Provided further,* That  
10 under this paragraph the President may initially assign  
11 personnel for duty within the United States for periods  
12 not to exceed four years prior to assignment outside the  
13 United States.

14 (e) The President is authorized to prescribe by regula-  
15 ~~tion, standards~~ *tion standards* or other criteria for maintaining  
16 adequate performance levels for personnel appointed or as-  
17 signed pursuant to paragraph (2) of subsection (d) of this  
18 section and section 527 (c) (2) of the Mutual Security Act  
19 of 1954, as amended, and may, notwithstanding any other  
20 law, *but subject to an appropriate administrative appeal,*  
21 separate employees who fail to meet such standards or other  
22 criteria, and also may grant such personnel severance bene-  
23 fits of one month's salary for each year's service, but not  
24 to exceed one year's salary at the then current salary rate of  
25 such personnel.

1       ~~(f)~~ Agreements with foreign countries providing for  
 2 the use of funds made available under this Act for programs  
 3 of assistance may include provision for the furnishing of  
 4 services of personnel employed by the United States Gov-  
 5 ernment.

6       (f) Funds provided for in agreements with foreign  
 7 countries for the furnishing of services under this Act shall be  
 8 deemed to be obligated for the services of personnel employed  
 9 by the United States Government as well as other personnel.

10       (g) The principles regarding foreign language compe-  
 11 tence set forth in section 578 of the Foreign Service Act  
 12 of 1946, as amended (22 U.S.C. 801), shall be applicable to  
 13 personnel carrying out functions under this Act and the Sec-  
 14 retary of State shall make appropriate designations and  
 15 standards for such personnel.

16       (h) Notwithstanding any other provision of law, officers  
 17 and employees of the United States Government performing  
 18 functions under this Act shall not accept from any foreign  
 19 country any compensation or other benefits. Arrangements  
 20 may be made by the President with such countries for reim-  
 21 bursement to the United States Government or other sharing  
 22 of the cost of performing such functions.

23       SEC. 624 626. EXPERTS, CONSULTANTS, AND RE-  
 24 TIRED OFFICERS.—(a) Experts and consultants or organiza-  
 25 tions thereof may, as authorized by section 15 of the Act of



1 August 2, 1946, as amended (5 U.S.C. 55a), be employed  
2 for the performance of functions under this Act, and individ-  
3 uals so employed may be compensated at rates not in excess  
4 of \$75 per diem, and while away from their homes or regular  
5 places of business, they may be paid actual travel expenses  
6 and per diem in lieu of subsistence at the applicable rate pre-  
7 scribed in the standardized Government travel regulations, as  
8 amended from time to time. Contracts for such employment  
9 with such organizations, employment of personnel as experts  
10 and consultants, not to exceed ten in number, contracts for  
11 such employment of retired military personnel with special-  
12 ized research and development experience, not to exceed ten  
13 in number, and contracts for such employment of retired  
14 military personnel with specialized experience of a broad  
15 politico-military nature, not to exceed five in number, may  
16 be renewed annually.

17 (b) Service of an individual as an expert or consultant  
18 under subsection (a) of this section shall not be considered  
19 as service or employment bringing such individual within  
20 the provisions of section 281, 283, or 284 of title 18 of the  
21 United States Code, or of section 190 of the Revised Statutes  
22 (5 U.S.C. 99), or of any other Federal law imposing re-  
23 strictions, requirements, or penalties in relation to the em-  
24 ployment of persons, the performance of services, or the  
25 payment or receipt of compensation in connection with any

1 claim, proceeding, or matter involving the United States  
2 Government, except insofar as such provisions of law may  
3 prohibit any such individual from receiving compensation in  
4 respect of any particular matter in which such individual  
5 was directly involved in the performance of such service.  
6 Nor shall such service be considered as employment or hold-  
7 ing of office or position bringing such individual within the  
8 provisions of section 13 of the Civil Service Retirement Act,  
9 as amended (5 U.S.C. 2263), section 212 of Public Law  
10 72-212, as amended (5 U.S.C. 59a), section 872 of the  
11 Foreign Service Act of 1946, as amended, or any other law  
12 limiting the reemployment of retired officers or employees or  
13 governing the simultaneous receipt of compensation and re-  
14 tired pay or annuities.

15 (c) Notwithstanding section 2 of the Act of July 31,  
16 1894, as amended (5 U.S.C. 62), any retired officer of any  
17 of the services mentioned in the Career Compensation Act of  
18 1949, as amended (37 U.S.C. 231 et seq.), may hold any  
19 office or appointment under this Act, but the compensation  
20 of any such retired officer shall be subject to the provisions  
21 of section 212 of Public Law 72-212, as amended.

22 (d) Persons of outstanding experience and ability may  
23 be employed without compensation by any agency of the  
24 United States Government for the performance of functions  
25 under this Act in accordance with the provisions of section



1 710 (b) of the Defense Production Act of 1950, as amended  
2 (50 U.S.C. App. 2160 (b) ), and regulations issued there-  
3 under.

4 SEC. ~~625~~ 627. DETAIL OF PERSONNEL TO FOREIGN  
5 GOVERNMENTS.—Whenever the President determines it to  
6 be in furtherance of the purposes of this Act, the head of any  
7 agency of the United States Government is authorized to  
8 detail or assign any officer or employee of his agency to any  
9 office or position with any foreign government or foreign  
10 government agency, where acceptance of such office or posi-  
11 tion does not involve the taking of an oath of allegiance to  
12 another government or the acceptance of compensation or  
13 other benefits from any foreign country by such officer or  
14 employee.

15 SEC. ~~626~~ 628. DETAIL OF PERSONNEL TO INTERNA-  
16 TIONAL ORGANIZATIONS.—Whenever the President deter-  
17 mines it to be in furtherance of the purposes of this Act, the  
18 head of any agency of the United States Government is au-  
19 thorized to detail, assign, or otherwise make available to any  
20 international organization any officer or employee of his  
21 agency to serve with, or as a member of, the international  
22 staff of such organization, or to render any technical, scien-  
23 tific, or professional advice or service to, or in cooperation  
24 with, such organization.

25 SEC. ~~627~~ 629. STATUS OF PERSONNEL DETAILED.—

1 (a) Any officer or employee, while assigned or detailed  
 2 under section ~~625 or 626~~ *627 or 628* of this Act, shall be  
 3 considered, for the purpose of preserving his allowances,  
 4 privileges, rights, seniority, and other benefits as such, an  
 5 officer or employee of the United States Government and  
 6 of the agency of the United States Government from which  
 7 detailed or assigned, and he shall continue to receive com-  
 8 pensation, allowances, and benefits from funds appropriated  
 9 to that agency or made available to that agency under this  
 10 Act.

11 (b) Any officer or employee assigned or detailed under  
 12 section ~~625, 626, or 629~~ *627, 628, or 631* of this Act is  
 13 authorized to receive under such regulations as the President  
 14 may prescribe, representation allowances similar to those  
 15 allowed under section 901 of the Foreign Service Act of  
 16 1946, as amended (22 U.S.C. 1131). The authorization  
 17 of such allowances and other benefits and the payment  
 18 thereof out of any appropriations available therefore shall  
 19 be considered as meeting all the requirements of section  
 20 1765 of the Revised Statutes (5 U.S.C. 70).

21 SEC. ~~628~~ *630*. TERMS OF DETAIL OR ASSIGNMENT.—  
 22 Details or assignments may be made under section ~~625 or~~  
 23 ~~626~~ *627 or 628* of this Act or section 408 of the Mutual  
 24 Security Act of 1954, as amended—

25 (1) without reimbursement to the United States



1 Government by the foreign government or international  
2 organization;

3 (2) upon agreement by the foreign government or  
4 international organization to reimburse the United States  
5 Government for compensation, travel expenses, and al-  
6 lowances, or any part thereof, payable to the officer or  
7 employee concerned during the period of assignment or  
8 detail; and such reimbursements (including foreign cur-  
9 rencies) shall be credited to the appropriation, fund, or  
10 account utilized for paying such compensation, travel  
11 expenses, or allowances, or to the appropriation, fund,  
12 or account currently available for such purposes;

13 (3) upon an advance of funds, property, or services  
14 by the foreign government or international organization  
15 to the United States Government accepted with the ap-  
16 proval of the President for specified uses in furtherance of  
17 the purposes of this Act; and funds so advanced may be  
18 established as a separate fund in the Treasury of the  
19 United States Government, to be available for the speci-  
20 fied uses, and to be used for reimbursement of appropria-  
21 tions or direct expenditure subject to the provisions of  
22 this Act, any unexpended balance of such account to be  
23 returned to the foreign government or international  
24 organization; or

25 (4) subject to the receipt by the United States

Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section ~~627~~ 629.

SEC. ~~629~~ 631. MISSIONS AND STAFFS ABROAD.—(a)

The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section ~~623(d)~~ 625(d), as the President shall determine to be appropriate.



1        SEC. 630. JOINT COMMISSION ON RURAL RECON-  
2        STRUCTION IN CHINA.—The President is authorized to con-  
3        tinue to participate in the Joint Commission on Rural  
4        Reconstruction in China, and to appoint United States  
5        citizens to the Commission.

6        SEC. ~~631~~ 632. ALLOCATION AND REIMBURSEMENT  
7        AMONG AGENCIES.—(a) The President may allocate or  
8        transfer to any agency of the United States Government any  
9        part of any funds available for carrying out the purposes of  
10       this Act, including any advance to the United States Govern-  
11       ment by any country or international organization for the  
12       procurement of commodities, defense articles, or services (in-  
13       cluding defense services). Such funds shall be available for  
14       obligation and expenditure for the purposes for which au-  
15       thorized, in accordance with authority granted in this Act  
16       or under authority governing the activities of the agencies of  
17       the United States Government to which such funds are  
18       allocated or transferred.

19        (b) Any officer of the United States Government car-  
20       rying out functions under this Act may utilize the services  
21       and facilities of, or procure commodities and defense arti-  
22       cles from, any agency of the United States Government as  
23       the President shall direct, or with the consent of the head  
24       of such agency, and funds allocated pursuant to this sub-

1 section to any such agency may be established in separate  
2 appropriation accounts on the books of the Treasury.

3 (c) In the case of any commodity, service, or facility  
4 procured from any agency of the United States Government  
5 to carry out part I, reimbursement or payment, when re-  
6 quired, shall be made to such agency from funds avail-  
7 able to carry out such part. Such reimbursement or pay-  
8 ment shall be at replacement cost, or, if required by law,  
9 at actual cost, or at any other price authorized by law and  
10 agreed to by the owning or disposing agency. The amount  
11 of any such reimbursement or payment shall be credited to  
12 current applicable appropriations, funds, or accounts, from  
13 which there may be procured replacements of similar com-  
14 modities, services, or facilities, except that where such ap-  
15 propriations, funds, or accounts are not reimbursable except  
16 by reason of this subsection, and when the owning or dis-  
17 posing agency determines that such replacement is not neces-  
18 sary, any funds received in payment therefor shall be de-  
19 posited into the Treasury as miscellaneous receipts.

20 (d) Except as otherwise provided in sections 507 and  
21 ~~509~~ 510, reimbursement shall be made to any United States  
22 Government agency, from funds available for use under part  
23 II, for any assistance furnished under part II from, by, or  
24 through such agency. Such reimbursement shall be in an



1 amount equal to the value (as defined in section 644 (m) )  
2 of the defense articles or of the defense services (other than  
3 salaries of members of the Armed Forces of the United  
4 States) , or other assistance furnished, plus expenses arising  
5 from or incident to operations under part II. The amount  
6 of such reimbursement shall be credited to the current appli-  
7 cable appropriations, funds, or accounts of such agency.

8 (e) In furnishing assistance under this Act, accounts  
9 may be established on the books of any agency of the United  
10 States Government or, on terms and conditions approved  
11 by the Secretary of the Treasury, in banking institutions in  
12 the United States, (i) against which letters of commitment  
13 may be issued which shall constitute recordable obligations  
14 of the United States Government, and moneys due or to be-  
15 come due under such letters of commitment shall be assign-  
16 able under the Assignment of Claims Act of 1940, as  
17 amended (second and third paragraphs of 31 U.S.C. 203  
18 and 41 U.S.C. 15) , and (ii) from which disbursements may  
19 be made to, or withdrawals may be made by, recipient coun-  
20 tries or agencies, organizations, or persons upon presentation  
21 of contracts, invoices, or other appropriate documentation.  
22 Expenditure of funds which have been made available  
23 through accounts so established shall be accounted for on  
24 standard documentation required for expenditure of funds  
25 of the United States Government: *Provided*, That such ex-

penditures for commodities, ~~services~~ *defense articles, services*  
(including *defense services*), or facilities procured outside  
the United States may be accounted for exclusively on such  
certification as may be prescribed in regulations approved  
by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Wash-  
ington with funds allocated thereto under subsection (a) of  
this section or under section 522 (a) of the Mutual Security  
Act of 1954, as amended, shall not be considered in deter-  
mining whether the Bank has outstanding at any one time  
loans and guaranties to the extent of the limitation imposed  
by section 7 of the Export-Import Bank Act of 1945, as  
amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out  
provisions of part I may initially be charged in any fiscal  
year, within the limit of available funds, to finance expenses  
for which funds are available in other appropriations or ac-  
counts under part I: *Provided*, That as of the end of such  
fiscal year such expenses shall be finally charged to ap-  
plicable appropriations or accounts with proper credit to the  
appropriations or accounts initially utilized for financing pur-  
poses: *Provided further*, That such final charge to applicable  
appropriations or accounts shall not be required in the case  
of expenses (other than those provided for under section  
~~636~~ 637) incurred in furnishing assistance by the agency pri-



1 marily responsible for administering part I where it is de-  
 2 termined that the accounting costs of identifying the ap-  
 3 plicable appropriation or account to which such expenses  
 4 should be charged would be disproportionate to the ad-  
 5 vantages to be gained.

6 SEC. ~~632~~ 633. WAIVERS OF CERTAIN LAWS.—(a)  
 7 Whenever the President determines it to be in furtherance  
 8 of the purposes of this Act, the functions authorized under this  
 9 Act may be performed without regard to such provisions of  
 10 law (other than the Renegotiation Act of 1951, as amended  
 11 (50 U.S.C. App. 1211 et seq.)), regulating the making,  
 12 performance, amendment, or modification of contracts and  
 13 the expenditure of funds of the United States Government as  
 14 the President may specify.

15 (b) The functions authorized under part II may be per-  
 16 formed without regard to such provisions ~~as the President~~  
 17 ~~may specify~~ of the joint resolution of November 4, 1939  
 18 (54 Stat. 4), as ~~amended~~ *amended, as the President may*  
 19 *specify.*

20 (c) Notwithstanding the provisions of sections 3544 (b)  
 21 and 8544 (b) of title 10 of the United States Code, person-  
 22 nel of the Department of Defense may be assigned or de-  
 23 tailed to any civil office to carry out this Act.

24 SEC. ~~633~~ 634. REPORTS AND INFORMATION.—(a) The  
 25 President shall, while funds made available for the purposes

1 of this Act remain available for obligation, transmit to the  
2 Congress after the close of each fiscal year a report concern-  
3 ing operations in that fiscal year under this Act.

4 (b) The President shall, in the reports required by  
5 subsection (a) of this section, and in response to requests  
6 from Members of the Congress or inquiries from the public,  
7 make public all information concerning operations under  
8 this Act not deemed by him to be incompatible with the  
9 public interest. *In the case of each loan made from the*  
10 *Development Loan Fund established pursuant to section*  
11 *201(a) the President shall make public appropriate informa-*  
12 *tion about the loan, including information about the borrower,*  
13 *the nature of the activity being financed, and the economic*  
14 *development objectives being served by the loan.*

15 (c) None of the funds made available pursuant to the  
16 provisions of part I shall be used to carry out any provision  
17 of part I in any country or with respect to any project or  
18 activity, after the expiration of the thirty-five-day period  
19 which begins on the date the General Accounting Office or  
20 any committee of the Congress, or any duly authorized  
21 subcommittee thereof, charged with considering legislation,  
22 appropriations, or expenditures under this Act, has delivered  
23 to the office of the head of any agency carrying out such  
24 provision, a written request that it be furnished any doc-  
25 ument, paper, communication, audit, review, finding, rec-



1 commendation, report, or other material in its custody or  
2 control relating to the administration of such provision  
3 in such country or with respect to such project or activity,  
4 unless and until there has been furnished to the General  
5 Accounting Office, or to such committee or subcommittee,  
6 as the case may be, (1) the document, paper, communica-  
7 tion, audit, review, finding, recommendation, report, or  
8 other material so requested, or (2) a certification by the  
9 President that he has forbidden the furnishing thereof pur-  
10 suant to such request and his reason for so doing.

11 (d) After the close of each fiscal year, the President  
12 shall notify the Committee on Foreign Relations and the  
13 Committee on Appropriations of the Senate and the Speaker  
14 of the House of Representatives of all actions taken during  
15 such fiscal year under this Act which resulted in furnishing  
16 assistance of a kind, for a purpose, or to an area, substantially  
17 different from that included in the presentation to the Con-  
18 gress during its consideration of this Act or any Act appro-  
19 priating funds pursuant to authorizations contained in this  
20 Act, or which resulted in obligations or reservations greater  
21 by 50 per centum or more than the proposed obligations or  
22 reservations included in such presentation for the program  
23 concerned, and in his notification the President shall state  
24 the justification for such changes. In addition, the President  
25 shall promptly notify the Committee on Foreign Relations

1 and the Committee on Appropriations of the Senate and the  
2 Speaker of the House of Representatives of any determina-  
3 tion under section 303, 610, ~~613(a)~~, or ~~613(b)~~ 614(a),  
4 or 614(b).

5 SEC. ~~634~~ 635. GENERAL AUTHORITIES.—(a) Except  
6 as otherwise specifically provided in this Act, assistance  
7 under this Act may be furnished on a grant basis or on  
8 such terms, including cash, credit, or other terms of repay-  
9 ment (including repayment in foreign currencies or by  
10 transfer to the United States Government of commodities) as  
11 may be determined to be best suited to the achievement of  
12 the purposes of this ~~Act~~ Act, and shall emphasize loans  
13 rather than grants wherever possible.

14 (b) Except as otherwise specifically provided in this  
15 Act, the President may make advances and grants to, make  
16 and perform agreements and contracts with, or enter into  
17 other transactions with, any individual, corporation, or other  
18 body of persons, government or government agency, whether  
19 within or without the United States, and international or-  
20 ganizations in furtherance of the purposes of this Act.

21 (c) The President may accept and use in furtherance  
22 of the purposes of this Act money, funds, property, and  
23 services of any kind made available by gift, devise, bequest,  
24 grant, or otherwise for such purpose.



1       (d) Any agency of the United States Government is  
2 authorized to pay the cost of health and accident insurance  
3 for foreign participants in any program of furnishing tech-  
4 nical information and assistance administered by such agency  
5 while such participants are absent from their homes for the  
6 purpose of participation in such program.

7       (e) Alien participants in any program of furnishing  
8 technical information and assistance under this Act may be  
9 admitted to the United States if otherwise qualified as non-  
10 immigrants under section 101 (a) (15) of the Immigration  
11 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15) ),  
12 for such time and under such conditions as may be pre-  
13 scribed by regulations promulgated by the Secretary of State  
14 and the Attorney General.

15       (f) In making loans under this Act, the President—

16           (1) may issue letters of credit and letters of com-  
17 mitment;

18           (2) may collect or compromise any obligations as-  
19 signed to, or held by, and any legal or equitable rights  
20 accruing to, him, and, as he may determine, refer any  
21 such obligations or rights to the Attorney General for  
22 suit or collection;

23           (3) may acquire and dispose of, upon such terms  
24 and conditions as he may determine, any property, in-  
25 cluding any instrument evidencing indebtedness or own-

ership (*provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness*), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.), and no other audit shall be required.

(g) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(h) Claims arising as a result of *investment guaranty*



1 operations ~~under this Act~~ may be settled, and disputes  
2 arising as a result thereof may be arbitrated *with the con-*  
3 *sent of the parties*, on such terms and conditions as the  
4 President may direct. Payment made pursuant to any  
5 such settlement, or as a result of an arbitration award, shall  
6 be final and conclusive notwithstanding any other provision  
7 of law.

8 (i) The provisions of section 955 of title 18 of the  
9 United States Code shall not apply to prevent any person,  
10 including any individual, partnership, corporation, or asso-  
11 ciation, from acting for, or participating in, any operation  
12 or transaction arising under this Act, or from acquiring  
13 any obligation issued in connection with any operation or  
14 transaction arising under this Act.

15 SEC. ~~635~~ 636. PROVISIONS ON USES OF FUNDS.—(a)  
16 Appropriations for the purposes of or pursuant to this Act  
17 (except for part II), allocations to any agency of the  
18 United States Government, from other appropriations, for  
19 functions directly related to the purposes of this Act, and  
20 funds made available for other purposes to the agency pri-  
21 marily responsible for administering part I, shall be avail-  
22 able for:

23 (1) rent of buildings and space in buildings in  
24 the United States, and for repair, alteration, and im-  
25 provement of such leased ~~properties, without regard to~~

1 the limitation contained in section 322 of Public Law  
2 72-212, as amended (40 U.S.C. 278a) *properties*;

3 (2) expenses of attendance at meetings concerned  
4 with the purposes of such appropriations or of this Act,  
5 including (notwithstanding the provisions of section 9  
6 of Public Law 60-328 (31 U.S.C. 673) ) expenses in  
7 connection with meetings of persons whose employment  
8 is authorized by section 624 626;

9 (3) contracting with individuals for personal serv-  
10 ices abroad: *Provided*, That such individuals shall not  
11 be regarded as employees of the United States Govern-  
12 ment for the purpose of any law administered by the  
13 Civil Service Commission or any other law;

14 (4) purchase, maintenance, operation, and hire of  
15 aircraft: *Provided*, That aircraft for administrative pur-  
16 poses may be purchased only as specifically provided for  
17 in an appropriation or other Act;

18 (5) purchase and hire of passenger motor vehicles:  
19 *Provided*, That, except as may otherwise be provided in  
20 an appropriation or other Act, passenger motor vehicles  
21 ~~outside the United States~~ for administrative purposes  
22 *outside the United States* may be purchased for replace-  
23 ment only, and such vehicles may be exchanged or sold  
24 and replaced by an equal number of such vehicles, and  
25 the cost, including exchange allowance, of each such re-



1       placement shall not exceed \$3,500 in the case of an  
2       automobile for the chief of any special mission or staff  
3       outside the United States established under section ~~629~~  
4       631: *Provided further*, That passenger motor vehicles,  
5       other than for the official use (without regard to the  
6       limitations contained in section 5 of Public Law 63-127,  
7       as amended (5 U.S.C. 78 (c) (2) ) and section 201 of  
8       Public Law 85-468 (5 U.S.C. 78a-1) ) of the head of  
9       the agency primarily responsible for administering part  
10      I, may be purchased for use in the United States only  
11      as may be specifically provided in an appropriation or  
12      other Act;

13           (6) entertainment (not to exceed \$25,000 in any  
14      fiscal year except as may otherwise be provided in an  
15      appropriation or other Act) ;

16           (7) exchange of funds without regard to section  
17      3651 of the Revised Statutes (31 U.S.C. 543) and loss  
18      by exchange;

19           (8) expenditures (not to exceed \$50,000 in any  
20      fiscal year except as may otherwise be provided in an  
21      appropriation or other Act) of a confidential character  
22      other than entertainment: *Provided*, That a certificate  
23      of the amount of each such expenditure, the nature of  
24      which it is considered inadvisable to specify, shall be  
25      made by the head of the agency primarily responsible

1 for administering part I or such person as he may design-  
2 nate, and every such certificate shall be deemed a suffi-  
3 cient voucher for the amount therein specified;

4 (9) insurance of official motor vehicles or aircraft  
5 acquired for use in foreign countries;

6 (10) rent or lease outside the United States for  
7 not to exceed ten years of offices, buildings, grounds,  
8 and quarters, including living quarters to house per-  
9 sonnel, and payments therefor in advance; maintenance,  
10 furnishings, necessary repairs, improvements, and alter-  
11 ations to properties owned or rented by the United  
12 States Government or made available for use to the  
13 United States Government outside the United States;  
14 and costs of fuel, water, and utilities for such properties;

15 (11) expenses of preparing and transporting to  
16 their former homes, or, with respect to foreign partici-  
17 pants engaged in any program under part I, to their  
18 former homes or places of burial, and of care and dis-  
19 position of, the remains of persons or members of the  
20 families of persons who may die while such persons are  
21 away from their homes participating in activities car-  
22 ried out with funds covered by this subsection;

23 (12) purchase of uniforms;

24 (13) payment of per diem in lieu of subsistence to  
25 foreign participants engaged in any program under part



1 I while such participants are away from their homes in  
2 countries other than the United States, at rates not in  
3 excess of those prescribed by the standardized Govern-  
4 ment travel regulations, notwithstanding any other pro-  
5 vision of law;

6 (14) use in accordance with authorities of the  
7 Foreign Service Act of 1946, as amended (22 U.S.C.  
8 801 et seq.), not otherwise provided for;

9 (15) ice and drinking water for use outside the  
10 United States;

11 (16) services of ~~employees~~ *commissioned officers* of  
12 the Coast and Geodetic Survey, and for the purposes  
13 of providing such services the Coast and Geodetic Sur-  
14 vey may appoint not to exceed twenty ~~employees~~ *com-*  
15 *missioned officers* in addition to those otherwise author-  
16 ized;

17 (17) expenses in connection with travel of per-  
18 sonnel outside the United States, including travel ex-  
19 penses of dependents (including expenses during nec-  
20 essary stopovers while engaged in such travel), and  
21 transportation of personal effects, household goods, and  
22 automobiles of such personnel when any part of such  
23 travel or transportation begins in one fiscal year pursu-  
24 ant to travel orders issued in that fiscal year, notwith-  
25 standing the fact that such travel or transportation may

1 not be completed during the same fiscal year, and cost  
2 of transporting to and from a place of storage, and the  
3 cost of storing automobiles of such personnel when it is  
4 in the public interest or more economical to authorize  
5 storage.

6 (b) Funds made available for the purposes of this Act  
7 may be used for compensation, allowances, and travel of per-  
8 sonnel, including Foreign Service personnel whose serv-  
9 ices are utilized primarily for the purposes of this Act, for  
10 printing and binding without regard to the provisions of any  
11 other law, and for expenditures outside the United States,  
12 ~~for~~ *United States* for the procurement of supplies and serv-  
13 ices and for other administrative and operating purposes  
14 (other than compensation of personnel) without regard to  
15 such laws and regulations governing the obligation and ex-  
16 penditure of funds of the United States Government as may  
17 be necessary to accomplish the purposes of this Act.

18 (c) Notwithstanding any other law, *not to exceed*  
19 *\$4,000,000 of the* funds available for assistance under this  
20 Act (other than title I of chapter 2 of part I) may be used  
21 in any fiscal year (in addition to funds available for such  
22 use under other authorities in this Act) to construct or other-  
23 wise acquire outside the United States (i) living quarters,  
24 office space, and necessary supporting facilities for use of  
25 personnel carrying out activities authorized by this Act, and



1 (ii) schools (including dormitories and boarding facilities)  
2 and hospitals for use of personnel carrying out activities  
3 authorized by this Act, United States Government person-  
4 nel, and their dependents. In addition, funds made avail-  
5 able for assistance under this Act (other than title I of chap-  
6 ter 2 of part I) may be used, notwithstanding any other  
7 law, to equip, staff, operate, and maintain such schools and  
8 hospitals.

9 (d) Not to exceed \$1,500,000 of the funds available  
10 for assistance under this Act (other than title I of chapter  
11 2 of part I) may be used in any fiscal year to provide assist-  
12 ance, on such terms and conditions as are deemed appro-  
13 priate, to schools established, or to be established, outside  
14 the United States whenever it is determined that such action  
15 would be more economical or would best serve the inter-  
16 ests of the United States in providing for the education of  
17 dependents of personnel carrying out activities authorized  
18 by this Act and dependents of United States Government  
19 personnel, in lieu of acquisition or construction pursuant to  
20 subsection (c) of this section.

21 (e) Funds available under this Act (other than title I  
22 of chapter 2 of part I) may be used to pay costs of training  
23 United States citizen personnel employed or assigned pur-  
24 suant to section ~~623(d)(2)~~ 625(d)(2) (through inter-  
25 change or otherwise) at any State or local unit of govern-

1 ment, public or private nonprofit institution, trade, labor,  
2 agricultural, or scientific association or organization, or com-  
3 mercial firm; and the provisions of Public Law 84-918  
4 (7 U.S.C. 1881 et seq.) may be used to carry out the  
5 foregoing authority notwithstanding that interchange of per-  
6 sonnel may not be involved or that the training may not  
7 take place at the institutions specified in that Act. Such  
8 training shall not be considered employment or holding of  
9 office under section 2 of the Act of July 31, 1894, as  
10 amended (5 U.S.C. 62), and any payments or contribu-  
11 tions in connection therewith may, as deemed appropriate  
12 by the head of the agency of the United States Government  
13 authorizing such training, be made by private or public  
14 sources and be accepted by any trainee, or may be accepted  
15 by and credited to the current applicable appropriation of  
16 such agency: *Provided, however,* That any such payments  
17 to an employee in the nature of compensation shall be in  
18 lieu, or in reduction, of compensation received from the  
19 United States Government.

20 (f) Funds made available under section 212 may be  
21 used for expenses (other than those provided for under sec-  
22 tion ~~636~~ 637) to assist in carrying out functions under title I  
23 of chapter 2 of part I, under the Agricultural Trade Develop-  
24 ment and Assistance Act of 1954, as amended (7 U.S.C.  
25 1691 et seq.), and under the Act to provide for assistance



1 in the development of Latin America and in the reconstruc-  
 2 tion of Chile, and for other purposes (22 U.S.C. 1942 et  
 3 seq.), performed by the agency primarily responsible for ad-  
 4 ministering part I.

5 (g) Funds made available for the purposes of part II  
 6 shall be available for—

7 (1) administrative, extraordinary (*not to exceed*  
 8 *\$300,000 in any fiscal year*), and operating expenses;

9 (2) reimbursement of actual expenses of military  
 10 officers detailed or assigned as tour directors in connec-  
 11 tion with orientation visits of foreign military personnel,  
 12 in accordance with the provisions of section 3 of the  
 13 Travel Expense Act of 1949, as amended (5 U.S.C.  
 14 836), applicable to civilian officers and employees; and

15 (3) ~~construction~~, maintenance, repair, alteration,  
 16 and furnishing of United States-owned facilities in the  
 17 District of Columbia or elsewhere for the training of  
 18 foreign military personnel, without regard to the pro-  
 19 visions of section 3733 of the Revised Statutes (41  
 20 U.S.C. 12) or other provision of law requiring a specific  
 21 authorization or specific appropriation for such public  
 22 contracts.

23 SEC. ~~636~~ 637. ADMINISTRATIVE EXPENSES.—There is  
 24 hereby authorized to be appropriated to the President for the  
 25 fiscal year 1962 not to exceed \$51,000,000 for necessary ad-

1 ministrative expenses of the agency primarily responsible  
 2 for administering part I incident to carrying out the provi-  
 3 sions of part I, and to exercising functions under the Agri-  
 4 cultural Trade Development and Assistance Act of 1954, as  
 5 amended (~~7 U.S.C. 1691 et seq.~~), and under the Act to  
 6 provide for assistance in the development of Latin America  
 7 and in the reconstruction of Chile, and for other purposes  
 8 (~~22 U.S.C. 1942 et seq.~~).

### 9 CHAPTER 3—MISCELLANEOUS PROVISIONS

#### 10 SEC. 641. EFFECTIVE DATE AND SHORT TITLE.—

11 This Act shall take effect on the date of its enactment, *and*  
 12 *may be cited as the "Foreign Assistance Act of 1961".*  
 13 *Programs under this Act shall be identified appropriately*  
 14 *overseas as "American Aid".*

15 SEC. 642. STATUTES REPEALED.—(a) There are  
 16 hereby repealed—

- 17 (1) Reorganization Plan Numbered 7 of 1953;
- 18 (2) the Mutual Security Act of 1954, as amended  
 19 (except sections 143, 402, 405 (a), 405 (c), 405 (d),  
 20 408, 414, 417, ~~502~~, and ~~523(d)~~ 502(a), 502(b), 514,  
 21 523(d), 533A, 536, and 552);
- 22 (3) section 12 of the Mutual Security Act of 1955;
- 23 (4) sections 12, 13, and 14 of the Mutual Security  
 24 Act of 1956;
- 25 (5) section 503 of the Mutual Security Act of 1958;



1           (6) section 108 of the Mutual Security Appropria-  
2           tion Act, 1959;

3           (7) section 501 (a) , chapter VI, and sections 702  
4           and 703 of the Mutual Security Act of 1959, as  
5           amended; *and*

6           (8) section 604 and chapter VIII of the Mutual  
7           Security Act of 1960; *and* 1960.

8           ~~(9) Section 7307(b) of title 10 of the United~~  
9           ~~States Code.~~

10          (b) References in law to the Acts, or provisions of such  
11          Acts, repealed by subsection (a) of this section shall here-  
12          after be deemed to be references to this Act or appropriate  
13          provisions of this Act.

14          (c) The repeal of the Acts listed in subsection (a) of  
15          this section shall not be deemed to affect amendments con-  
16          tained in such Acts to Acts not named in that subsection.

17          SEC. 643. SAVING PROVISIONS.—(a) Except as may  
18          be expressly provided to the contrary in this Act, all deter-  
19          minations, authorizations, regulations, orders, contracts,  
20          agreements, and other actions issued, undertaken, or entered  
21          into under authority of any provision of law repealed by sec-  
22          tion 642 (a) shall continue in full force and effect until  
23          modified by appropriate authority.

24          (b) Wherever provisions of this Act establish conditions

1 which must be complied with before use may be made of  
2 authority contained in, or funds authorized by, this Act,  
3 compliance with, or satisfaction of, substantially similar con-  
4 ditions under Acts listed in section 642 (a) or Acts repealed  
5 by those Acts shall be deemed to constitute compliance with  
6 the conditions established by this Act.

7 (c) Funds made available pursuant to provisions of law  
8 repealed by section 642 (a) (2) shall, unless otherwise au-  
9 thorized or provided by law, remain available for their  
10 original purposes in accordance with the provisions of law  
11 originally applicable thereto, or in accordance with the pro-  
12 visions of law currently applicable to those purposes.

13 (d) No provision of this Act shall affect, or be deemed  
14 to affect, except as the President may determine, the agency  
15 within the Department of State known as the Peace Corps,  
16 nor any of the functions, offices, personnel, property, records,  
17 and funds available thereto on the date prior to the effective  
18 date of this Act, pending the enactment of legislation for the  
19 Peace Corps or the adjournment of the first session of the  
20 Eighty-seventh Congress, whichever is earlier.

21 SEC. 644. DEFINITIONS.—As used in this Act—

22 (a) “Agency of the United States Government” in-  
23 cludes any agency, department, board, wholly or partly



1 owned corporation, instrumentality, commission, or estab-  
2 lishment of the United States Government.

3 (b) "Armed Forces" of the United States means the  
4 Army, Navy, Air Force, Marine Corps, and Coast Guard.

5 (c) "Commodity" includes any material, article, sup-  
6 ply, goods, or equipment used for the purposes of furnishing  
7 nonmilitary assistance.

8 (d) "Defense article" includes—

9 (1) any weapon, weapons system, munition, air-  
10 craft, vessel, boat, or other implement of war;

11 (2) any property, installation, commodity, mate-  
12 rial, equipment, supply, or goods used for the purposes  
13 of furnishing military assistance;

14 (3) any machinery, facility, tool, material, supply,  
15 or other item necessary for the manufacture, production,  
16 processing, repair, servicing, storage, construction, trans-  
17 portation, operation, or use of any article listed in this  
18 subsection; or

19 (4) any component or part of any article listed in  
20 this subsection; but

21 shall not include merchant vessels or, as defined by the  
22 Atomic Energy Act of 1954, as amended (42 U.S.C. 2011),  
23 source material, byproduct material, special nuclear material,  
24 or atomic weapons.

1       (e) “Defense information” includes any document,  
2 writing, sketch, photograph, plan, model, specification, de-  
3 sign, prototype, or other recorded or oral information relating  
4 to any defense article or defense service, but shall not in-  
5 clude Restricted Data and formerly Restricted Data as de-  
6 fined by the Atomic Energy Act of 1954, as amended.

7       (f) “Defense service” includes any service, test, in-  
8 spection, repair, training, training aid, publication, or tech-  
9 nical or other assistance, including the transfer of limited  
10 quantities of defense articles for test, evaluation, or standardi-  
11 zation purposes, or defense information used for the purposes  
12 of furnishing military assistance.

13       (g) “Excess defense articles” means the quantity of de-  
14 fense articles owned by the United States Government which  
15 is in excess of the mobilization reserve.

16       (h) “Function” includes any duty, obligation, power,  
17 authority, responsibility, right, privilege, discretion, or  
18 activity.

19       (i) “Mobilization reserve” means the quantity of de-  
20 fense articles determined to be required, under regulations  
21 prescribed by the President, to support mobilization of the  
22 Armed Forces of the United States Government in the event  
23 of war or national emergency.



1 (j) "Officer or employee" means civilian personnel and  
2 members of the Armed Forces of the United States Govern-  
3 ment.

4 (k) "Services" ~~include~~ *includes* any service, repair,  
5 training of personnel, or technical or other assistance or  
6 information used for the purpose of furnishing nonmilitary  
7 assistance.

8 (l) "Surplus agricultural commodity" means any agri-  
9 cultural commodity or product thereof, class, kind, type, or  
10 other specification thereof, produced in the United States,  
11 either publicly or privately owned, which is in excess of  
12 domestic requirements, adequate carryover, and anticipated  
13 exports for United States dollars, as determined by the Secre-  
14 tary of Agriculture.

15 (m) "Value" means—

16 (1) with respect to excess defense articles, the gross  
17 cost incurred by the United States Government in re-  
18 pairing, rehabilitating, or modifying such articles; and

19 (2) with respect to nonexcess defense articles the  
20 price obtaining for transfers of such articles between  
21 the Armed Forces of the United States Government,  
22 or, where such articles are not transferred between  
23 the Armed Forces of the United States, the gross cost  
24 to the United States Government adjusted as appro-  
25 priate for condition and market value.

1        SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-  
2 ances of funds made available pursuant to the Mutual Se-  
3 curity Act of 1954, as amended, are hereby authorized to  
4 be continued available for the general purposes for which  
5 appropriated, and may at any time be consolidated, and,  
6 in addition, may be consolidated with appropriations made  
7 available for the same general purposes under the authority  
8 of this Act.

9           SEC. 646. CONSTRUCTION.—If any provision of this  
10 Act or the application of any provision to any circumstances  
11 or persons shall be held invalid, the validity of the remain-  
12 der of this Act and of the applicability of such provision to  
13 other circumstances or persons shall not be affected thereby.

## 14 PART IV

SEC. 701. Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484), is amended by adding a new subsection (p) reading as follows:

19       “(p) In disposing of surplus property, the Adminis-  
20       trator is authorized to accept payments in foreign currency,  
21       under regulations prescribed by the Administrator.”

22 SEC. 702. Section 1 of the Defense Base Act, as  
23 amended (42 U.S.C. 1651), is further amended as follows:

24       ~~(1) In paragraph (5) of subsection (a), strike out~~  
25       ~~“(other than title II of chapter II thereof)”~~ and substitute



1 “or any successor Act (other than a contract financed by  
2 loan repayable in United States dollars, unless the Secretary  
3 of Labor, upon the recommendation of the head of any  
4 department or other agency of the United States, deter-  
5 mines such contract should be covered by this section)”—

6 (2) In subsection (c) strike out “June 30, 1958, but  
7 not completed on July 24, 1959” and substitute therefor  
8 “but not completed on the date of enactment of any successor  
9 Act to the Mutual Security Act of 1954, as amended”.

10 SEC. 703. In paragraph (4) of section 101(a) of the  
11 War Hazards Compensation Act, as amended (42 U.S.C.  
12 1701), strike out “(other than title II of chapter II there-  
13 of)” and substitute therefor “or any successor Act (other  
14 than a contract financed by loan repayable in United States  
15 dollars unless the Secretary, upon the recommendation of the  
16 head of any department or agency of the United States, de-  
17 termines such contract should be covered by this section)”—

18 SEC. 704 702. (a) Section 305 of the Mutual Defense  
19 Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is  
20 amended to read as follows:

21 “SEC. 305. There is hereby authorized to be appropri-  
22 ated to the Department of State such sums as may be neces-  
23 sary from time to time to carry out the objectives of this  
24 Act.”

1       (b) The amendment to section 305 of the Mutual De-  
2 fense Assistance Control Act of 1951 ~~affected~~ *effected* by sub-  
3 section (a) of this section shall not be deemed to affect the  
4 repeal of laws effected by that section prior to such amend-  
5 ment.

6       SEC. ~~705~~ 703. Section 104 (e) of the Agricultural Trade  
7 Development and Assistance Act of 1954, as amended (7  
8 U.S.C. 1704 (e) ), is amended by substituting “such agency  
9 as the President shall direct” and “agency” for “the Export-  
10 Import Bank” and “bank”, respectively.

11       SEC. ~~706~~ 704. Section 5 of the joint resolution to pro-  
12 mote peace and stability in the Middle East (22 U.S.C.  
13 1964) is amended by substituting “whenever appropriate”  
14 for “within the months of January and July of each year”.

15       SEC. ~~707~~ 705. Section 5 (f) of the International Health  
16 Research Act of 1960 (22 U.S.C. 2103 (f) ) is amended by  
17 adding a new final sentence *as follows*: “The President may  
18 delegate any authority vested in him by this section to such  
19 other officer or head of agency of the United States Govern-  
20 ment as he deems appropriate.”

21       SEC. ~~708~~ 706. The Act to provide for assistance in the  
22 development of Latin America and in the reconstruction  
23 of Chile, and for other purposes (22 U.S.C. 1942 et seq.),  
24 is amended by adding a new section 4 reading as follows:



## 1                                   “GENERAL PROVISION

2           “SEC. 4. Funds appropriated under sections 2 and 3  
3 of this Act may be used for assistance under this Act pur-  
4 suant to such provisions applicable to the furnishing of such  
5 assistance contained in any successor Act to the Mutual Se-  
6 curity Act of 1954, as amended, as the President determines  
7 to be necessary to carry out the purposes for which such  
8 funds are appropriated.”

9           *SEC. 707. Section 523(d) of the Mutual Security Act of*  
10 *1954, as amended (22 U.S.C. 1783(d)), is amended by*  
11 *striking out the words “achievement of United States foreign*  
12 *policy objectives” and inserting in lieu thereof the words*  
13 *“prevention of improper currency transactions”.*

Amend the title so as to read: “A bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.”





87TH CONGRESS  
1ST SESSION

**S. 1983**

[Report No. 612]

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# A BILL

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To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

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By Mr. FULBRIGHT

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MAY 26, 1961

Read twice and referred to the Committee on  
Foreign Relations

JULY 24, 1961

Reported with amendments

# Daily Digest

## HIGHLIGHTS

Senate took up farm bill.

## Senate

### Chamber Action

*Routine Proceedings, pages 12237-12252*

**Bills Introduced:** Seven bills and two resolutions were introduced, as follows: S. 2293-2299; S.J. Res. 119 and S. Con. Res. 33.

Page 12240

**Bills Reported:** Reports were made as follows:

S. 1654, to extend the Fugitive Felon Act to cover all felonies (S. Rept. 586);

S. 1655, to permit the compelling of testimony under certain conditions and the granting of immunity from prosecution in connection therewith, with amendments (S. Rept. 587);

S. 1656, relating to penalties for use of wire communications facilities for transmission of gambling information, with amendments (S. Rept. 588);

S. 1657, prohibiting interstate transportation of wagering paraphernalia and prescribing penalties for such acts, with amendments (S. Rept. 589);

S. 1665, to set penalties for obstruction of a Federal agency or department investigation, with amendments (S. Rept. 590);

S. 203, declaring that the U.S. hold in trust for the pueblos of Santa Ana, Zia, Jemez, San Felipe, Santo Domingo, Cochiti, Isleta, and San Ildefonso certain public domain lands, with amendment (S. Rept. 591);

S. 2241, donating 391 acres of public land to the Jicarilla Apache Tribe of the Jicarilla Reservoir, N. Mex. (S. Rept. 592);

H.J. Res. 124, establishing responsibility for the debt-incurring capacity of the Commonwealth of Puerto Rico (S. Rept. 593);

S. 2216, authorizing transfer of three units of the Fort Belknap Indian Irrigation project to the landowners within the project (S. Rept. 594);

S. 2224, to grant minerals on certain lands in the Northern Cheyenne Indian Reservation, Mont., to certain Indians (S. Rept. 595);

S. 2087, authorizing conveyance of certain lands and personal property to the State of Washington (S. Rept. 596);

S. 1807, authorizing disposition of land no longer needed for the Chilocco Indian Industrial School, Oklahoma (S. Rept. 597);

S. 1518, providing for the distribution of judgment funds of the Omaha Tribe of Indians, with amendment (S. Rept. 598);

S. 344, providing for the distribution of certain excess income to enrolled members of the Seneca Nation, with amendments (S. Rept. 599);

S. 1501, relating to the administration of Government-owned utility systems in the administration of the Bureau of Indian Affairs, with amendments (S. Rept. 600);

S. 2016, to give to the Walker River Paiute Tribe the reserved minerals underlying its reservation (S. Rept. 601);

H.R. 1593, conveying certain land in the Big Sandy Rancheria, Calif., and accepting other land in exchange therefor (S. Rept. 602);

H.R. 2203, authorizing exchange of certain property in Rocky Mountain National Park, Colo., with amendment (S. Rept. 603);

H.R. 498, providing additional lands at the Fort Necessity National Battlefield Site, Pa. (S. Rept. 604);

H.R. 6067, authorizing survey funds for a proposed national parkway from Blue Ridge Parkway, Tennessee, into Georgia (S. Rept. 605);

H.R. 6346, including Ackia Battleground National Monument, Miss., and Meriwether Lewis National Monument, Tenn., in the Natchez Trace Parkway (S. Rept. 606);

H.R. 6519, providing additional lands for the Tupelo National Battlefield Site, Miss. (S. Rept. 607);

H.R. 7042, to add certain federally owned land to the Lassen Volcanic National Park, Calif. (S. Rept. 608);

H.R. 7240, to add certain federally owned lands to the Wupatki National Monument, Ariz. (S. Rept. 609);

H.R. 5518, to revise the boundaries of the Fort Raleigh National Historic Site, N.C., with amendment (S. Rept. 610);

S. 685, relating to personnel of the Coast and Geodetic Survey, with amendments (S. Rept. 611); and

S. 1983, proposed foreign aid authorizations bill, with amendments (S. Rept. 612).

Pages 12239-12240

**President's Communication—Refugees:** Communication from President transmitting draft of a proposed



bill to amend P.L. 86-648, to enable the U.S. to participate in the resettlement of certain refugees, was received—referred to Committee on Foreign Relations.

Page 12238

**Farm Program:** Senate took up and debated S. 1643, proposed Agricultural Act of 1961. Committee amendment (in the nature of a substitute for the bill) was modified by adoption of a technical amendment by Senator Ellender.

Pages 12252-12259, 12281-12300, 12315-12318

**Confirmations:** Senate confirmed nominations of Robert E. Hampton, of Maryland, to be a Civil Service Commissioner; William M. Fay, of Pennsylvania, to be a judge of the U.S. Tax Court; and 102 postmasters.

Page 12319

**Nominations:** The following nominations were received: Two civilian, including that of William J. Hartigan, of Massachusetts, to be an Assistant Postmaster General; Edmund A. Gullian, of Kentucky, to be Ambassador to the Congo; 3 judicial; and 22 in the Army.

Pages 12318-12319

**Program for Tuesday:** Senate met at noon and adjourned at 5:41 p.m. until 11 a.m. Tuesday, July 25, when it will continue consideration of S. 1643, farm bill.

Pages 12309, 12318

## Committee Meetings

(Committees not listed did not meet)

### SPACE ACT AMENDMENTS

**Committee on Aeronautical and Space Sciences:** On Friday, July 21, committee met in executive session for the further consideration of S. 1857, proposing various amendments to the National Aeronautics and Space Act of 1958, but took no final actions, and recessed subject to call.

### APPROPRIATIONS—MILITARY CONSTRUCTION

**Committee on Appropriations:** Subcommittee continued its hearings on fiscal 1962 budget estimates for military construction, with further testimony in behalf of funds for his department from Brig. Gen. Robert H. Curtin, Deputy Director for Construction, who was accompanied by other Air Force officials.

Hearings continue tomorrow.

### APPROPRIATIONS—RECLAMATION

**Committee on Appropriations:** On Friday, July 21, subcommittee continued its hearings on fiscal 1962 budget estimates for the Bureau of Reclamation, with testimony from Senators Schoepel and Curtis, and local witnesses, who discussed funds for projects in their respective States; Ralph L. Mecham, administrative assistant to

Senator Bennett, on funds for projects in Utah; and several public witnesses, on various items in the bill.

Hearings were recessed subject to call of the Chair.

### MISSILE PROGRAM

**Committee on Armed Services:** The Preparedness Investigating Subcommittee resumed its executive hearings on strategic weapons and weapons delivery systems, having as its witness Gen. Thomas S. Power, commander in chief, Strategic Air Command, Air Force.

Hearings continue on Friday, July 28.

### DISCLOSURE OF FINANCE CHARGES

**Committee on Banking and Currency:** Subcommittee on Production and Stabilization continued its hearings on S. 1740, to require disclosure of finance charges in connection with extensions of credit, receiving testimony from Rev. Robert J. McEwen, S.J., and Mrs. Martha O'Neil, both of the Massachusetts Attorney General Advisory Council; and Louis Rothschild, National Association of Retail Clothiers & Furnishers.

Hearings continue tomorrow.

### FOREIGN COMMERCE

**Committee on Commerce:** Committee continued its hearings on S. 1729, to promote foreign commerce of the United States, receiving testimony from Harold F. Linder, President and Chairman, who was accompanied by Tom Killefer, Vice Chairman, and Henry Rowntree, Chief of the Economics Division, all of the Export-Import Bank of Washington.

On Friday, July 21, testimony on this bill was received from Edward Gudeman, Under Secretary of Commerce.

Hearings were recessed subject to call.

### EMPLOYEE STOCK OPTIONS

**Committee on Finance:** On Friday, July 21, the committee concluded its hearings on S. 1625, to terminate the special tax treatment now accorded certain employee stock options, having as its witnesses J. A. Livingston, of the Financial Bulletin, Philadelphia; Dr. Roger Murray, Columbia University Business School; Louis Ware, International Minerals & Chemical Corp.; John C. Davidson, NAM; Dan Throop Smith, Boston; Dr. Herbert W. Robinson, CEIR, Inc.; A. Wilfred May, Commercial & Financial Chronicle, New York City; Miss Adele L. Stanton, Brooklyn, N.Y.; and Jesse R. Smith, of the Armstrong Cork Co.

### FOREIGN AID

**Committee on Foreign Relations:** Committee, in executive session, ordered favorably reported with amendments S. 1983, proposed foreign aid authorizations bill. The following table lists authorizations requested by the administration, and the amounts as authorized by the committee:



[In millions]

	Authori- zations requested <sup>1</sup>	Authorized by com- mittee
Development grants.....	\$380.0	\$380.0
Investment surveys.....	5.0	5.0
Development research.....	20.0	( <sup>2</sup> )
International organizations.....	153.5	153.5
Supporting assistance.....	581.0	450.0
Contingency fund.....	500.0	300.0
Military assistance.....	1,885.0	1,800.0
Administrative expenses.....	51.0	51.0
Subtotal.....	3,575.5	3,139.5
Borrowing authority.....	900.0	} \$1,187.0
Interest on loan repayments.....	287.0	
Subtotal.....	1,187.0	1,187.0
Total.....	4,762.5	4,326.5

<sup>1</sup> In addition the administration requested authority to use existing Department of Defense stocks for the military assistance program up to \$400 million in value. The committee reduced this requested amount by \$200 million. However, this action does not represent a reduction in the administration's overall request for new authorizations.

<sup>2</sup> Authority to spend funds available for pt. 1.

## DEPARTMENT OF URBAN AFFAIRS

*Committee on Government Operations:* On Friday, July 21, Subcommittee on Reorganization and International Organizations, in executive session, approved for full committee consideration with amendments S. 1633, to create a Department of Urban Affairs and Housing.

## NATIONAL POLICY MACHINERY

*Committee on Government Operations:* Subcommittee on National Policy Machinery held hearings to receive testimony on the subject of budget-making and national security policy—shortcomings and reform, having as its witness Charles J. Hitch, Assistant Secretary of Defense (Comptroller).

Hearings continue tomorrow with testimony from former Assistant Secretary of Defense Wilfred J. McNeil.

## COMMITTEE BUSINESS

*Committee on Interior and Insular Affairs:* Committee, in executive session, ordered favorably reported the following bills:

Without amendment—H.R. 1593, conveying certain land in the Big Sandy Rancheria, Calif., and accepting other land in exchange therefor; S. 1807, authorizing disposition of land no longer needed for the Chilocco Indian Industrial School, Oklahoma; S. 2016, to give to the Walker River Paiute Tribe the reserved minerals underlying its reservation; S. 2087, authorizing conveyance of certain lands and personal property to the State of Washington; S. 2216, authorizing transfer of three units of the Fort Belknap Indian Irrigation project to

the landowners within the project; S. 2224, to grant minerals on certain lands in the Northern Cheyenne Indian Reservation, Mont., to certain Indians; S. 2241, donating 391 acres of public land to the Jicarilla Apache Tribe of the Jicarilla Reservation, N. Mex.; H.J. Res. 124, establishing responsibility for the debt-incurring capacity of the Commonwealth of Puerto Rico; S.J. Res. 76, authorizing continued delivery of water to lands in certain irrigation projects, State of Washington; S. 981, authorizing the Geological Survey to examine mineral resources in areas outside the national domain; S. 799, relating to the sale of certain mineral lands in Alaska; S. 1674, relating to the leasing of mineral deposits in which the U.S. owns a partial or future interest; H.R. 498, providing additional lands at the Fort Necessity National Battlefield Site, Pa.; H.R. 6067, authorizing survey funds for a proposed national parkway from Blue Ridge Parkway, Tennessee, into Georgia; H.R. 6346, including Ackia Battleground National Monument, Miss., and Meriwether Lewis National Monument, Tenn., in the Natchez Trace Parkway; H.R. 6519, providing additional lands for the Tupelo National Battlefield Site, Miss.; H.R. 7042, to add certain federally owned land to the Lassen Volcanic National Park, Calif.; and H.R. 7240, to add certain federally owned lands to the Wupatki National Monument, Ariz.; and

Amended—S. 203, declaring that the U.S. hold in trust for the pueblos of Santa Ana, Zia, Jemez, San Felipe, Santo Domingo, Cochiti, Isleta, and San Ildefonso certain public domain lands; S. 344, providing for the distribution of certain excess income to enrolled members of the Seneca Nation; S. 1501, relating to the administration of Government-owned utility systems in the administration of the Bureau of Indian Affairs; S. 1518, providing for the distribution of judgment funds of the Omaha Tribe of Indians; S. 1540, to remove the limitation upon the amount of appropriation authorized to establish the Indian revolving loan fund; S. 809, authorizing transfer of a Bureau of Reclamation bridge across the Colorado River near Needles, Calif., to San Bernardino County, Calif., and Mohave County, Ariz.; S. 1085, to dispose of certain Federal property on the Minidoka project, Idaho, Shoshone project, Wyoming, and the Yakima project, Washington; S. 98, authorizing provision of sanitary facilities to the Medora area adjoining the Theodore Roosevelt National Monument, N. Dak.; H.R. 2203, authorizing exchange of certain property in Rocky Mountain National Park, Colo.; S. 543, preserving for public use certain U.S. shorelines; S. 77, to establish the Chesapeake and Ohio Canal National Historical Park, Md.; H.R. 5518, to revise the boundaries of the Fort Raleigh National Historic Site, N.C.; and S. 261, 724, 888, and 1012, private bills.

Prior to this action, the Subcommittee on Minerals, Materials, and Fuels approved for full committee consideration S. 981.



On Friday, July 21, Subcommittee on Public Lands, in executive session, approved for full consideration

S. 98, 261, 724, 799, 888, 1012, 1674, H.R. 498, 2203, 6067, 6346, 6519, 7042, and 7240.

# House of Representatives

## Chamber Action

**Bills Introduced:** 19 public bills, H.R. 8302-8320; 5 private bills, H.R. 8321-8325; and 10 resolutions, H.J. Res. 495-498, H. Con. Res. 354 and 355, and H. Res. 383-386, were introduced.

Pages 12188, 12236

**Bills Reported:** Reports were filed as follows:

H.R. 8302, making appropriations for military construction for the Department of Defense for fiscal year 1962, filed on July 21 (H. Rept. 752);

S. 2197, to provide additional relief for disaster areas under the Soil Bank Act, filed on July 22 (H. Rept. 753);

H.R. 8230, general farm bill for 1961, filed on July 22 (H. Rept. 754);

H.R. 7405, to provide for the promulgation of rules of practice and procedure under the Bankruptcy Act (H. Rept. 755);

H.R. 115, relating to the allocation of costs on the Wapato-Satus unit of the Wapato Indian irrigation project (H. Rept. 756);

H.R. 2925, amending the act of March 8, 1922, as amended, pertaining to isolated tracts and to extend its provisions to public sales, amended (H. Rept. 757);

H.R. 6241, to repeal the act of October 22, 1919 (41 Stat. 293; 43 U.S.C. 351-355, 357-360), amended (H. Rept. 758);

H.R. 7726, authorizing the loan of naval vessels to friendly foreign countries and the extension of certain loans now in existence, amended (H. Rept. 759); and

H.R. 6242, to amend section 508 of title 28, U.S.C., relating to attorneys' salaries (H. Rept. 760).

Pages 12235-12236

**President's Message—Veto:** Received and read a veto message from the President on H.R. 4206, a private bill. The message was referred to the Committee on the Judiciary and ordered printed as a House document (H. Doc. 214).

Pages 12187-12188

**Duty-Free Allowance Reduction:** The House disagreed to Senate amendments to H.R. 6611, to amend the Tariff Act of 1930 to reduce temporarily the exemption from duty enjoyed by returning residents; agreed to a conference requested by the Senate; and appointed as conferees Representatives Mills, King of California, O'Brien of Illinois, Mason, and Byrnes of Wisconsin.

Page 12188

**Committee Election:** Adopted H. Res. 383, electing Representative Tupper to membership on the Committee on the District of Columbia.

Page 12188

**Bills Referred:** Seven Senate-passed bills were referred to appropriate committees.

Page 12234

**Program for Tuesday:** Adjourned at 2:13 p.m. until Tuesday, July 25, at 12 o'clock noon when the House will consider H.R. 8302, making appropriations for military construction for the Department of Defense for fiscal year 1962, and H.R. 4998, to assist in expanding and improving community facilities and services for the health care of aged and certain other persons (2 hours of debate).

## Committee Meetings

### WATERSHED

**Committee on Agriculture:** Subcommittee on Conservation and Credit, in executive session, approved 19 watershed projects and passed over 2 without prejudice.

Prior to taking action on the projects the subcommittee heard testimony from Representatives Baldwin, Daddario, Natcher, Weaver, Everett, Peterson, O'Hara of Michigan, and Stubblefield; also Department of Interior witnesses.

On Friday, July 21, the subcommittee heard testimony from Representatives Selden, Norrell, Hull, Price, and Winstead, on watershed projects.

### CONVEYANCE OF U.S. PROPERTY

**Committee on Agriculture:** Subcommittee on Forests met in executive session and ordered reported favorably to the full committee H.R. 3880 (amended), to provide for the conveyance of certain real property of the U.S. to the town of Afton, Wyo.

Also held a review of all bills pending before the subcommittee.

### SHIPYARD FACILITIES

**Committee on Armed Services:** On Friday, July 21, Subcommittee on Utilization of Naval Shipyard Facilities heard testimony from Kenneth E. BeLieu, Assistant Secretary of Navy (Installations and Logistics); Vice Adm. John Sylvester, Deputy Chief of Naval Operations (Logistics); Rear Adm. Ralph K. James, Chief, Bureau of Ships, Navy; and Capt. D. L. Carroll, Jr., Acting Assistant Chief, Bureau of Ships for Field Activities. Hearings continue Tuesday, July 25.

### TEXTILE INDUSTRY

**Committee on Education and Labor:** On Friday, July 21, Subcommittee on the Impact of Imports and Exports on American Employment concluded hearings on the







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For information only;  
should not be quoted  
or cited)

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HIGHLIGHTS: Senate passed bill to authorize increased per diem travel rates. Sen. Bennett and others urged enactment of sugar legislation this session. Senate began debate on independent offices appropriation bill.

## SENATE - JULY 28

1. TRAVEL RATES; PER DIEM. Passed with amendments H. R. 3279, to authorize an increase in the rates of per diem allowance for employees of the Government traveling on official business (pp. 12962-4). Agreed to two amendments by Sen. Yarborough which he explained were "to correct errors in the draftsmanship of the bill" (p. 12963). See Digest 121 for a summary of the provision of the bill.
2. SUGAR. Sen. Bennett expressed disappointment "in the recent announcement by the Secretary of Agriculture that the administration will not recommend any sugar legislation in the current session of Congress," and urged enactment of legislation this session of Congress to reallocate the former Cuban sugar quota. Sens. Holland and Curtis expressed agreement with Sen. Bennett's statement. p. 12918
3. FARM PROGRAM. Conferees were appointed on S. 1643, the omnibus farm bill (p. 12926). House conferees have already been appointed. The bill as passed by the House was printed in the Congressional Record (pp. 12919-26).  
Sen. Symington expressed hope that if a provision is not included in the omnibus farm bill by the conferees to include chicken hatching eggs under the marketing quota provisions of the bill that early consideration would be given



to legislation to provide "authority for marketing agreements that would appear essential to the recovery and health of the broiler industry." He also urged this Department to "pursue vigorously proposals for increased purchases of broilers for school lunches and other consumptive uses of the present over-production." pp. 12888-9

4. FARM LABOR. Sen. Javits stated he wished "to draw attention to what has been done and is continuing to be done by the State of New York ... in comprehensive legislation for the protection of the domestic agricultural worker," and inserted an article from an issuance of the New York State Department of Labor "State Labor Department Safeguards Migrants -- Protects Welfare, Rights of 20,000 Crop Harvesters." pp. 12846-9
5. CENTENNIALS. Sen. Dirksen inserted a resolution from the Illinois legislature giving official notice to the land-grant centennial observance. p. 12892
6. PUBLIC LANDS. Passed without amendment S. 799, to amend the act of March 8, 1922, so as to permit the Secretary of Interior to sell, under certain conditions, lands in Alaska known to contain workable coal, oil, or gas deposits. p. 12961
7. APPROPRIATIONS. The Subcommittee of the Appropriations Committee voted to report to the full committee with amendments H. R. 7851, the Defense Department appropriation bill for 1962. p. D631
8. PUBLIC LANDS; RECREATION. The Interior and Insular Affairs Committee reported with amendments S. 543, to promote the preservation, for the public use and benefit, of certain portions of the shoreline areas of the United States (S. Rept. 649). p. 12844
9. FOREIGN AID. Sen. Byrd, Va., submitted amendments intended to be proposed to S. 1983, the foreign aid authorization bill. He explained that the proposed amendments would "eliminate the provisions in the bill for financing the new Development Loan Fund through the so-called back door with expenditures from public debt receipts, and to substitute instead an authorization for orderly and unquestionable annual appropriations" and "would authorize annual appropriations over the span of 5 fiscal years, 1962-66." pp. 12846, 12902-5  
As reported by the Foreign Relations Committee (see Digest 123), this bill includes provisions as follows:  
Establishes a development loan fund for use in making loans to underdeveloped nations and authorizes the President to borrow from the Treasury \$1.187 billion in fiscal year 1962 and up to \$1.9 billion in each of the next 4 fiscal years for this new development loan program.  
Authorizes \$395 million for fiscal year 1962 for development grants and technical cooperation for aiding underdeveloped nations.  
Exempts from the 50-50 cargo preference shipping requirements (for shipments on U. S. Flag vessels) the transportation between foreign countries of goods purchased with foreign currencies acquired under this bill or under Public Law 480 and exempts the shipment of fresh fruits and their products under this bill.  
Prohibits use of funds authorized by the bill for the purchase of bulk commodities at prices higher than the prevailing market price in the U. S., adjusted for differences in transportation costs, quality, and terms of payment. The bill does not carry forward the present law's exemption with respect to the purchase of raw cotton in bales.



Requires that insofar as practicable surplus agricultural commodities to be furnished on a grant basis must be bought only in the U. S. except to the extent that they are not available here in sufficient quantities to meet emergency conditions.

Authorizes Government agencies to furnish services and commodities on a reimbursable basis to nations, international organizations, and voluntary non-profit relief agencies, whenever the President determines that this would further the purposes of international development programs.

Provides that, with respect to development loans, development grants and supporting assistance, funds in excess of \$100,000 cannot be obligated until engineering, financial, and other plans necessary to carry out the project have been completed and there is a reasonably firm estimate of the cost of the project to the U. S., and, in the case of water or related land resource construction project, plans must include a computation of benefits and costs made insofar as practicable in accordance with Budget Bureau procedures for such projects in the U. S.

Provides that the Secretary of the Treasury shall have responsibility for accounting and valuation with respect to foreign credits and foreign currencies owed to or owned by the U. S. and, in carrying out this responsibility, the Secretary shall issue regulations binding upon all agencies of the Government. Gives the Secretary sole authority to establish the exchange rates at which all foreign currencies or credits are to be used by all Government agencies. Requires each Government agency to report to the Secretary of the Treasury an inventory as of June 30, 1961, showing all foreign currencies on hand, and similar reports semiannually thereafter, for use of the Secretary in preparing consolidated reports to Congress.

Includes administrative provisions for carrying out the provisions of the bill, including authority for creation of a new agency in the Department of State with responsibility for non-military foreign aid functions, the abolition of the International Cooperation Administration and transfer of its personnel, property, etc., to the new agency, and transfer to the new agency of the Export-Import Bank's assets and liabilities under sec. 104 (e) of Public Law 480 which makes available for loans to private business abroad up to 25 percent of the foreign currencies received in sales of surplus agricultural commodities.

Provides for the repeal of the provisions of the Mutual Security Act of 1954, as amended, except for certain specified sections. One section continued in force is section 402 which provides for earmarking \$175 million of foreign aid funds in fiscal year 1961 for financing the export and sale for foreign currencies or the grant of surplus agricultural commodities. Although this provision which applied to fiscal 1961 is now obsolete, this section also contains authority for the subsequent use of the foreign currencies received for surplus commodities, as well as a statement that such commodities available for transfer abroad may also be made available to the maximum extent practicable to eligible domestic recipients or to needy persons in the U. S. Another section continued in force is section 502 (a) which provides authority for certain uses of foreign currency accruing under the provisions of section 550 of the Mutual Security Act of 1951, as amended, which provided for the sale of surplus agricultural commodities for foreign currency.

10. ~~TARIFF CLASSIFICATION. Received from the Secretary of the Treasury a proposed bill "to amend the Tariff Act of 1930 and certain related laws to provide for the restatement of the tariff classification provisions"; to Finance Committee. P. 12844~~



11. CIVIL DEFENSE. Received from the Office of Civil and Defense Mobilization a proposed bill to amend Reorganization Plan No. 1 of 1958 creating the Office of Civil and Defense Mobilization "in order to change the name of the office established under such plan, and for other purposes"; to Armed Services Committee. p. 12844

SENATE - JULY 29

12. APPROPRIATIONS. Began debate on H. R. 7445, the Independent Offices appropriations bill, 1962. pp. 12971, 12986, 13013-20, 13021-35, 13044-7
13. FARM INCOME. Received from the Nemaha County, Kans., Farmers Union, a resolution urging "immediate steps ... to increase farm income not only for farmers sake, but for the upward effect it will have on business profits and unemployment of labor." p. 12970
14. MEATS; HAM. Sen. Neuberger criticized USDA regulations relating to labeling of ham as to added moisture content, saying "consumers desiring nonwatered hams find it increasingly difficult to purchase them with confidence. And consumers are continuing to pay ham prices for this federally inspected water." p. 13038
15. MIGRATORY LABOR. Sen. Neuberger inserted an excerpt from a resolution of the American Baptist Convention, saying "We urge that American Baptists support Federal legislation to provide financial aid to local public schools districts in meeting their responsibility to educate the children of migrants and legislation to provide adequate standards of housing for migrants and make sure that the health and welfare services of the community and State are made available to migrants." p. 13039
16. ADJOURNED until Mon., July 31. p. 13048

ITEMS IN APPENDIX

17. TAXATION. Extension of remarks of Sen. Prouty inserting an article commenting on a recently completed nationwide survey of small business opinion regarding the President's tax revision program. p. A5827
18. FOOD SUPPLY. Extension of remarks of Sen. Wiley inserting several resolutions adopted by Kiwanis International, including a recommendation for the distribution of surplus commodities "in such a manner as will hurt the least and help the most." pp. A5836-7

BILLS INTRODUCED

19. RESEARCH. S. 2338, by Sen. Core, to provide for the establishment of a National Science Institute, a program of scientific scholarships; to Labor and Public Welfare Committee. Remarks of author. pp. 12970-1

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COMMITTEE HEARINGS ANNOUNCEMENTS:

July 31: Establishment of national milk sanitation standards, H. Interstate and Foreign Commerce.

H. Agriculture (exec., on pending bills).

Budget making and national security policy, S. Government Operations.

For supplemental information or copies of legislative material referred to, USDA personnel in Washington may call Ext. 4654 or send to Room 105-A.







87TH CONGRESS  
1ST SESSION

# H. R. 8400

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## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1961

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Mutual Security Act of  
4       1961".

### PART I

#### CHAPTER 1—SHORT TITLE AND POLICY

7       SEC. 101. SHORT TITLE.—This part may be cited as the  
8       "Act for International Development of 1961".

9       SEC. 102. STATEMENT OF POLICY.—(a) It is the sense  
10      of the Congress that (1) peace depends on wider recogni-



1 tion of the dignity and interdependence of men, and (2)  
2 survival of free institutions in the United States can best be  
3 assured in a worldwide atmosphere of freedom.

4 (b) The Congress approves the efforts of the peoples  
5 of other lands who are striving to establish and develop  
6 politically independent and economically viable units, to in-  
7 crease their technical knowledge and skills, and to improve  
8 ways of living by methods which reflect the popular will,  
9 and to realize aspirations for justice, for education, and for  
10 dignity and respect as individual human beings.

11 (c) The peace of the world and the security of the  
12 United States are endangered so long as international com-  
13 munism continues to attempt to bring under Communist  
14 domination peoples now free and independent and to keep  
15 under domination peoples once free but now subject to such  
16 domination. It is, therefore, the policy of the United States  
17 to continue to make available to other free countries and peo-  
18 ples, upon request, assistance of such nature and in such  
19 amounts as the United States deems advisable and as may be  
20 effectively used by free countries and peoples to help them  
21 maintain their freedom.

22 (d) It is the sense of the Congress that those countries  
23 which have been assisted in their recovery should, in the  
24 future, share with the United States to a greater extent the  
25 financial burden of providing aid to those countries which

1 are still in need of assistance of the type provided under this  
2 Act.

3 (e) It is the sense of the Congress that inasmuch as—

4 (1) the United States favors freedom of navigation  
5 in international waterways and economic cooperation  
6 between countries; and

7 (2) the purposes of this Act are negated and the  
8 peace of the world is endangered when countries which  
9 receive assistance under this Act wage economic war-  
10 fare against other countries assisted under this Act,  
11 including such procedures as boycotts, blockades, and  
12 the restriction of the use of international waterways; and

13 (3) any attempt by foreign countries to create dis-  
14 tinctions because of their race or religion among Amer-  
15 ican citizens in the granting of personal or commercial  
16 access or any other rights otherwise available to United  
17 States citizens generally is repugnant to our principles;  
18 assistance under this Act and the Agricultural Trade Devel-  
19 opment and Assistance Act of 1954, as amended, shall be  
20 administered to give effect to these principles, and, in all  
21 negotiations between the United States and any foreign  
22 state arising as a result of funds appropriated under this  
23 Act or arising under the Agricultural Trade Development  
24 and Assistance Act of 1954, as amended, these principles  
25 shall be applied, as the President may determine, and he



1 shall report on measures taken by the Administration to  
2 insure their application.

3 (f) The Congress of the United States recognizes that  
4 the progress of free peoples in their efforts to further their  
5 economic development, and thus to strengthen their freedom,  
6 is important to the security and general welfare of the United  
7 States. It is the policy of the United States to strengthen  
8 friendly foreign countries by encouraging the development of  
9 their economies through a competitive free enterprise sys-  
10 tem; to minimize or eliminate barriers to the flow of private  
11 investment capital and international trade; to facilitate the  
12 creation of a climate favorable to the investment of private  
13 capital; and to assist, on a basis of self-help and mutual  
14 cooperation, the efforts of free peoples to develop their  
15 economic resources and free economic institutions and to  
16 increase their productive capabilities in agriculture as well  
17 as in industry.

18 (g) To the extent practicable assistance should be  
19 based upon well-conceived plans; be directed toward the  
20 social as well as economic aspects of economic development;  
21 be responsive to the efforts of the recipient countries to  
22 mobilize their own resources and help themselves; be cog-  
23 nizant of the external and internal pressures which hamper  
24 their growth; and should emphasize long-range development  
25 assistance as the primary instrument of such growth.

1       (h) The Congress reaffirms its belief in the importance  
2 of regional organizations of free peoples for mutual assist-  
3 ance, such as the North Atlantic Treaty Organization, the  
4 Organization of American States, the South East Asia Treaty  
5 Organization, the Central Treaty Organization, and others,  
6 and expresses its hope that such organizations may be  
7 strengthened and broadened, and their programs of self-  
8 help and mutual cooperation may be made more effective  
9 in the protection of the independence and security of free  
10 people, and in the development of their economic and social  
11 well-being, and the safeguarding of their basic rights and  
12 liberties.

13       (i) It is the sense of the Congress that—

14           (1) it supports the President in his affirmation that  
15 the United States shall continue to meet its commit-  
16 ments to the people and Government of the Republic  
17 of China and shall continue to support that Government  
18 as the Representative of China in the United Nations;

19           (2) the United States shall continue to oppose the  
20 seating of the Chinese Communist regime in the United  
21 Nations so long as that regime persists in defying the  
22 principles of the United Nations Charter; and

23           (3) the United States supports the President in  
24 not according diplomatic recognition to the Chinese Com-  
25 munist regime.



## CHAPTER 2—DEVELOPMENT ASSISTANCE

## TITLE I—DEVELOPMENT LOANS

SEC. 201. GENERAL AUTHORITY.—(a) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (6) the possible effects upon the United States economy, with special reference to areas

1 of substantial labor surplus, of the loan involved, and (7)  
2 the desirability of safeguarding the international balance of  
3 payments position of the United States. If the President  
4 finds that a loan proposed to be made under this part would  
5 have a substantially adverse effect upon the United States  
6 economy, or any substantial segment thereof, the loan shall  
7 not be made. Loans shall be made under this title only upon  
8 a finding of reasonable prospects of repayment.

9 (b) The authority of section 609 may not be used to  
10 decrease the funds available under this title, nor may the  
11 authority of section 612 (a) be used to waive the require-  
12 ments of this title.

13 SEC. 202. CAPITALIZATION.—(a) The President is au-  
14 thorized to issue, during the fiscal years 1962 through 1966,  
15 notes for purchase by the Secretary of the Treasury in order  
16 to carry out the purposes of this title. The maximum aggre-  
17 gate amount of such notes issued during the fiscal year 1962  
18 shall be \$900,000,000, and the maximum aggregate amount  
19 of such notes issued during each of the fiscal years 1963  
20 through 1966 shall be \$1,600,000,000: *Provided*, That any  
21 unissued portion of the maximum amount of notes authorized  
22 for any such fiscal year may be issued in any subsequent  
23 fiscal year during the note-issuing period in addition to the  
24 maximum aggregate amount of notes otherwise authorized  
25 for such subsequent fiscal year. Such notes shall be redeem-



1 able at the option of the President before maturity in such  
2 manner as may be stipulated in such notes, and shall have  
3 such maturity and other terms and conditions as may be de-  
4 termined by the President. Payment under this subsection  
5 of the purchase price of such notes and repayments thereof  
6 by the President shall be treated as public-debt transactions  
7 of the United States Government.

8 (b) United States dollars, not to exceed \$300,000,000  
9 in any fiscal year, which are derived directly or indi-  
10 rectly on or after the effective date of this Act from pay-  
11 ment of principal and interest on obligations under which the  
12 United States Government may require payment exclusively in  
13 United States dollars and which were created under (1) An  
14 Act To Promote the Defense of the United States, as amended  
15 (22 U.S.C. 411 et seq.), other than those United States dol-  
16 lars which constitute the local currency of a foreign govern-  
17 ment, (2) the Surplus Property Act of 1944 (58 Stat.  
18 765), as amended, (3) Public Law 79-509 (22 U.S.C.  
19 286l, 286m), (4) the Economic Cooperation Act of 1948  
20 (62 Stat. 137), as amended, (5) the German and  
21 Japanese Government and Relief in Occupied Areas  
22 Program, and (6) loans under the Mutual Security Act of  
23 1954, as amended (22 U.S.C. 1750 et seq.) (other than  
24 military assistance), shall be available for use for purposes of  
25 this title, notwithstanding the provisions of any other Act re-

1   ferred to in this subsection. In the case of any such payments  
2   which, were it not for the provisions of this subsection, would  
3   have been used to retire notes or obligations issued to finance  
4   the activity from which the payments were derived, the Pres-  
5   ident shall assume such notes or obligations, together with any  
6   interest accrued and unpaid thereon, in an amount equivalent to  
7   such payments.

8       (c) Except as otherwise provided in this part, the  
9   United States dollar assets of the Development Loan Fund  
10   which remain unobligated and not committed for loans repay-  
11   able in foreign currencies on the date prior to the abolition  
12   of the Fund shall be available for use for purposes of this  
13   title.

14       SEC. 203. FISCAL PROVISIONS.—(a) All receipts from  
15   loans made under and in accordance with this title shall be  
16   available for use for the purposes of this title. Such receipts  
17   and other funds made available under this title for use for the  
18   purposes of this title shall remain available until expended.

19       (b) The President is authorized to incur in carrying out  
20   the purposes of this title obligations which may not at any  
21   time exceed the sum of (i) all funds made available and all  
22   funds authorized to be made available pursuant to the au-  
23   thority, and subject to the fiscal year limitations, provided in  
24   section 202 (a), and (ii) all other funds made available for  
25   this title.



1       (c) In carrying out the purposes of this title, the Presi-  
2       dent shall prepare annually and submit a budget program in  
3       accordance with the provisions of sections 102, 103, and 104  
4       of the Government Corporation Control Act, as amended (31  
5       U.S.C. 847-849).

6       SEC. 204. REPORTS.—At the close of each quarter of  
7       the fiscal year, the President shall submit to the  
8       appropriate committees of the Congress a report of  
9       activities carried out in such quarter under this title,  
10      including appropriate information as to the amount  
11      of loans made under section 201(a), and notes  
12      issued under section 202(a), as well as any under-  
13      takings which have committed the United States  
14      Government to future obligations and expenditures of  
15      funds.

16      SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The  
17      President shall establish an interagency Development Loan  
18      Committee, consisting of such officers from such agencies  
19      of the United States Government as he may determine,  
20      which shall, under the direction of the President, establish  
21      standards and criteria for lending operations under this title  
22      in accordance with the foreign and financial policies of the  
23      United States.

## TITLE II—DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the technical and economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting the development of human resources. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of



1 the United States. If the President finds that assistance  
2 proposed to be furnished under this part would have a sub-  
3 stantially adverse effect upon the United States economy, or  
4 a substantial segment thereof, the assistance shall not be  
5 furnished.

6 SEC. 212. AUTHORIZATION.—There is hereby author-  
7 ized to be appropriated to the President for use beginning  
8 in the fiscal year 1962 to carry out the purposes of section  
9 211 not to exceed \$380,000,000, which shall remain avail-  
10 able until expended.

11 SEC. 213. ATOMS FOR PEACE.—The President is author-  
12 ized to use, in addition to other funds available for such pur-  
13 poses, not to exceed \$2,000,000 of the funds available for  
14 the purposes of section 211 for assistance, on such terms  
15 and conditions as he may determine, designed to promote  
16 the peaceful uses of atomic energy outside the United  
17 States.

18 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS  
19 ABROAD.—(a) The President is authorized to use, in addi-  
20 tion to other funds available for such purposes, funds made  
21 available for the purposes of section 211 for assistance, on  
22 such terms and conditions as he may specify, to schools,  
23 libraries, and hospitals outside the United States founded or  
24 sponsored by United States citizens and serving as study

1 and demonstration centers for ideas and practices of the  
2 United States, or as centers for medical treatment, education,  
3 and research, as the case may be.

4 (b) The President is authorized to use, notwithstanding  
5 the provisions of the Mutual Defense Assistance Control  
6 Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies  
7 accruing to the United States Government under any Act,  
8 for purposes of subsection (a) of this section, and for assist-  
9 ance, on such terms and conditions as he may specify, to  
10 hospitals outside the United States founded or sponsored by  
11 United States citizens and serving as centers for medical  
12 treatment, education, and research.

13 SEC. 215. LOANS TO SMALL FARMERS.--It is the policy  
14 of the United States and the purpose of this section to strengthen  
15 the economies of underdeveloped friendly nations, and in  
16 friendly nations where the economy is essentially rural or  
17 based on small villages, to provide assistance designed to im-  
18 prove agricultural methods and techniques, to stimulate  
19 and encourage the development of local programs of self-  
20 help and mutual cooperation, particularly through loans of  
21 foreign currencies for associations of operators of small farms,  
22 formed for the purpose of joint action designed to increase or  
23 diversify agricultural productivity. The maximum unpaid  
24 balance of loans made to any association under this section



1 may not exceed \$25,000 at any one time; and the aggregate  
2 unpaid balance of all loans made under this section may not  
3 exceed \$25,000,000 at any one time.

4       SEC. 216. VOLUNTARY AGENCIES.—(a) In order to  
5 further the efficient use of United States voluntary contribu-  
6 tions for relief and rehabilitation in countries and areas  
7 eligible for assistance under this Act, the President is author-  
8 ized to use funds made available for the purposes of section  
9 211 to pay transportation charges from United States ports  
10 to ports of entry abroad, or, in the case of landlocked coun-  
11 tries, to points of entry in such countries, on shipments by  
12 the American Red Cross and United States voluntary non-  
13 profit relief agencies registered with and approved by the  
14 Advisory Committee on Voluntary Foreign Aid.

15       (b) Where practicable the President shall make  
16 arrangements with the receiving country for free entry of  
17 such shipments and for the making available by that country  
18 of local currencies for the purpose of defraying the trans-  
19 portation cost of such shipments from the port of entry of  
20 the receiving country to the designated shipping point of  
21 the consignee.

22                   TITLE III—INVESTMENT GUARANTIES

23       SEC. 221. GENERAL AUTHORITY.—(a) In order to  
24 facilitate and increase the participation of private enterprise  
25 in furthering the development of the economic resources and

1 productive capacities of economically underdeveloped friendly  
2 countries and areas, the President is authorized to issue  
3 guaranties as provided in subsection (b) of this section of  
4 investments in connection with projects, including expansion,  
5 modernization, or development of existing enterprises, in any  
6 friendly country or area with the government of which the  
7 President has agreed to institute the guaranty program. The  
8 guaranty program authorized by this title shall be admin-  
9 istered under broad criteria, and each such project shall be  
10 approved by the President.

11 (b) The President may issue guaranties to United  
12 States citizens, or corporations, partnerships, or other asso-  
13 ciations in which the majority beneficial interest is held by  
14 United States citizens:

15 (1) assuring protection in whole or in part against  
16 any or all of the following risks:

17 (A) inability to convert into United States dol-  
18 lars other currencies, or credits in such currencies,  
19 received as earnings or profits from the approved  
20 project, as repayment or return of the investment  
21 therein, in whole or in part, or as compensation for  
22 the sale or disposition of all or any part thereof,

23 (B) loss of investment, in whole or in part,  
24 in the approved project due to expropriation or  
25 confiscation by action of a foreign government, and



1           (C) loss due to war, revolution, or insurrection,  
2           or due to any sanction which is imposed by  
3           any government against the government of the area  
4           where the project is located and which materially  
5           adversely affects the continued operation of the  
6           project:

7       *Provided*, That the total face amount of the guaranties  
8       issued under this paragraph (1) outstanding at any  
9       one time shall not exceed \$1,000,000,000; and

10           (2) where the President determines such action to  
11       be important to the furtherance of the purposes of this  
12       title, assuring against loss in whole or in part of a loan  
13       investment due to nonpayment for any reason, or assur-  
14       ing against loss in whole or in part of any other form of  
15       investment due to such risks as the President may deter-  
16       mine, upon such terms and conditions as the President  
17       may determine: *Provided*, That the total face amount of  
18       the guaranties issued under this paragraph (2) out-  
19       standing at any one time shall not exceed \$100,000,000:  
20       *Provided further*, That no payment may be made under  
21       this paragraph (2) for any loss arising out of fraud or  
22       misconduct on the part of the investor: *Provided fur-*  
23       *ther*, That this authority shall continue until June 30,  
24       1964.

25       (c) No guaranty shall exceed the dollar value of the in-

1 vestment made in the project with the approval of the Presi-  
2 dent plus actual earnings or profits on said investment to the  
3 extent provided by such guaranty, nor shall any guaranty  
4 extend beyond twenty years from the date of issuance.

5 (d) The President shall make suitable arrangements  
6 for protecting the interests of the United States Government  
7 in connection with any guaranty issued under section 221  
8 (b), including arrangements with respect to the ownership,  
9 use, and disposition of the currency, credits, assets, or invest-  
10 ment on account of which payment under such guaranty  
11 is to be made, and any right, title, claim, or cause of action  
12 existing in connection therewith.

13 SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be  
14 charged for each guaranty in an amount to be determined by  
15 the President. In the event the fee to be charged for a type  
16 of guaranty authorized under section 221 (b) is reduced, fees  
17 to be paid under existing contracts for the same type of  
18 guaranty may be similarly reduced.

19 (b) All fees collected in connection with guaranties  
20 issued under this section, under sections 202 (b) and 413 (b)  
21 (4) of the Mutual Security Act of 1954, as amended, and un-  
22 der section 111 (b) (3) of the Economic Cooperation Act of  
23 1948, as amended (22 U.S.C. 1509 (b) (3)) (exclusive of  
24 fees for informational media guaranties heretofore or here-



1 after issued pursuant to section 1011 of the United States In-  
2 formation and Educational Exchange Act of 1948, as  
3 amended (22 U.S.C. 1442) and section 111 (b) (3) of the  
4 Economic Cooperation Act of 1948, as amended), shall  
5 be available for meeting management and custodial costs  
6 incurred with respect to currencies or other assets acquired  
7 under guaranties made pursuant to section 221 (b) of this  
8 part, sections 202 (b) and 413 (b) (4) of the Mutual Se-  
9 curity Act of 1954, as amended, and section 111 (b) (3)  
10 of the Economic Cooperation Act of 1948, as amended  
11 (exclusive of informational media guaranties), and shall  
12 be available for expenditure in discharge of liabilities  
13 under guaranties made pursuant to such sections, until such  
14 time as all such property has been disposed of and all such  
15 liabilities have been discharged or have expired, or until all  
16 such fees have been expended in accordance with the  
17 provisions of this section.

18 (c) In computing the total face amount of guaranties  
19 outstanding at any one time for purposes of paragraph (1)  
20 of section 221 (b), the President shall include the face  
21 amounts of outstanding guaranties theretofore issued pursuant  
22 to such paragraph, sections 202 (b) and 413 (b) (4) of the  
23 Mutual Security Act of 1954, as amended, and section  
24 111 (b) (3) of the Economic Cooperation Act of 1948, as  
25 amended, but shall exclude informational media guaranties.

1 (d) Any payments made to discharge liabilities under  
2 guaranties issued under section 221 (b) of this part, sections  
3 202 (b) and 413 (b) (4) of the Mutual Security Act of  
4 1954, as amended, and section 111 (b) (3) of the Economic  
5 Cooperation Act of 1948, as amended (exclusive of informa-  
6 tional media guaranties), shall be paid first out of funds  
7 specifically reserved for such payment pursuant to the pro-  
8 viso to the second sentence of section 222 (e), and thereafter  
9 shall be paid out of fees referred to in section 222 (b) as long  
10 as such fees are available, and thereafter shall be paid out  
11 of funds, if any, realized from the sale of currencies or other  
12 assets acquired in connection with any such guaranties as  
13 long as such funds are available, and finally shall be paid  
14 out of funds realized from the sale of notes issued under sec-  
15 tion 413 (b) (4) (F) of the Mutual Security Act of 1954,  
16 as amended, and section 111 (c) (2) of the Economic Co-  
17 operation Act of 1948, as amended.

18 (e) All guaranties issued prior to July 1, 1956 (exclu-  
19 sive of informational media guaranties) and all guaranties  
20 issued under section 202 (b) of the Mutual Security Act of  
21 1954, as amended, may be considered, and all other guaran-  
22 ties shall be considered for the purposes of section 3679  
23 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the  
24 Revised Statutes, as amended, as obligations only to the  
25 extent of the probable ultimate net cost to the United



1 States Government of all outstanding guaranties. The Presi-  
2 dent shall, in the submission to the Congress of the reports  
3 required by section 632 of this Act, include information on  
4 the operation of this title. Funds obligated in connection  
5 with guaranties issued under section 221 (b) of this part,  
6 sections 202 (b) and 413 (b) (4) of the Mutual Security  
7 Act of 1954, as amended, and section 111 (b) (3) of the  
8 Economic Cooperation Act of 1948, as amended (exclusive  
9 of informational media guaranties), shall constitute a single  
10 reserve, together with funds available for obligation here-  
11 under but not yet obligated, for the payment of claims un-  
12 der all guaranties issued under such sections: *Provided*, That  
13 funds obligated in connection with guaranties issued prior  
14 to July 1, 1956, and guaranties issued under section 202  
15 (b) of the Mutual Security Act of 1954, as amended, shall  
16 not, without the consent of the investor, be available for  
17 the payment of claims arising under any other guaranties.  
18 Funds available for obligation hereunder shall be decreased  
19 by the amount of any payments made to discharge liabilities,  
20 or to meet management and custodial costs incurred with  
21 respect to assets acquired, under guaranties issued pursu-  
22 ant to section 221 (b) of this part, sections 202 (b) and  
23 413 (b) (4) of the Mutual Security Act of 1954, as amended,  
24 and section 111 (b) (3) of the Economic Cooperation Act  
25 of 1948, as amended (exclusive of informational media

1 guaranties), and shall be increased by the amount obligated  
2 for guaranties as to which all liability of the United States  
3 Government has been terminated, and by the amount of  
4 funds realized from the sale of currencies or other assets  
5 acquired in connection with any payments made to dis-  
6 charge liabilities, and the amount of fees collected, under  
7 guaranties issued pursuant to such sections (exclusive of  
8 informational media guaranties).

9 SEC. 223. DEFINITION.—As used in this title—

10 (a) the term “investment” includes any contribution  
11 of capital commodities, services, patents, processes, or tech-  
12 niques in the form of (1) a loan or loans to an approved  
13 project, (2) the purchase of a share of ownership in any  
14 such project, (3) participation in royalties, earnings, or prof-  
15 its of any such project, and (4) the furnishing of capital  
16 commodities and related services pursuant to a contract pro-  
17 viding for payment in whole or in part after the end of the  
18 fiscal year in which the guaranty of such investment is made;  
19 and

20 (b) the term “expropriation” includes any abrogation,  
21 repudiation, or impairment by a foreign government of its  
22 own contract with an investor, where such abrogation, re-  
23 pudiation, or impairment is not caused by the investor’s own  
24 fault or misconduct, and materially adversely affects the  
25 continued operation of the project.



## 1        TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

2        SEC. 231. GENERAL AUTHORITY.—(a) In order to en-  
3 courage and promote the undertaking by private enterprise  
4 of surveys of investment opportunities, other than surveys  
5 of extraction opportunities, in economically underdeveloped  
6 friendly countries and areas, the President is authorized to  
7 participate in the financing of such surveys undertaken by  
8 any person as defined in section 233 (a), on such terms and  
9 conditions as he may determine: *Provided*, That his partici-  
10 pation shall not exceed 50 per centum of the total cost of  
11 any such survey. The making of each such survey shall be  
12 approved by the President and the government concerned.

13        (b) In the event that a person who has undertaken a  
14 survey in accordance with this title determines, within a  
15 period of time to be determined by the President, not to  
16 undertake, directly or indirectly, the investment opportunity  
17 surveyed, such person shall turn over to the President a pro-  
18 fessionally acceptable technical report with respect to all  
19 matters explored. Such report shall become the property  
20 of the United States Government, and the United States  
21 Government shall be entitled to have access to, and obtain  
22 copies of, all underlying correspondence, memorandums,  
23 working papers, documents, and other materials in connec-  
24 tion with the survey.

25        SEC. 232. AUTHORIZATION.—There is hereby author-

1 ized to be appropriated to the President for use beginning in  
2 the fiscal year 1962 to carry out the purposes of this title  
3 not to exceed \$5,000,000, which shall remain available until  
4 expended.

5 SEC. 233. DEFINITIONS.—As used in this title—

6 (a) the term “person” means a citizen of the  
7 United States or any corporation, partnership, or other  
8 association in which the majority beneficial interest is  
9 held by United States citizens; and

10 (b) the term “survey of extraction opportunities”  
11 means any survey directed (i) to ascertaining the exist-  
12 ence, location, extent, or quality of any deposit of ore,  
13 oil, gas, or other mineral, or (ii) to determining the fea-  
14 sibility of undertaking operations for the mining or other  
15 extraction of any such mineral or for the processing of  
16 any such mineral to the stage of commercial market-  
17 ability.

18 TITLE V—DEVELOPMENT RESEARCH

19 SEC. 241. GENERAL AUTHORITY.—The President is  
20 authorized to use funds available for this part to carry out  
21 programs of evaluation and research into the process of eco-  
22 nomic development in economically underdeveloped friendly  
23 countries and areas, into the factors affecting the relative suc-  
24 cess and costs of development activities, and into the means,  
25 techniques, and such other aspects of development assistance



1 as he may determine, in order to render such assistance of  
2 increasing value and benefit.

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND  
4 PROGRAMS

5 SEC. 301. GENERAL AUTHORITY.—(a) When he de-  
6 termines it to be in the national interest, the President  
7 is authorized to make voluntary contributions on a grant  
8 basis to international organizations and to programs admin-  
9 istered by such organizations on such terms and conditions  
10 as he may determine, in order to further the purposes of  
11 this part.

12 (b) Contributions to the United Nations Expanded  
13 Program of Technical Assistance and the United Nations  
14 Special Fund for the calendar years succeeding 1961 may  
15 not exceed forty per centum of the total amount contributed  
16 for such purpose (including assessed and audited local costs)  
17 for each such year.

18 (c) In determining whether or not to continue furnish-  
19 ing assistance for Palestine refugees in the Near East through  
20 contributions to the United Nations Relief and Works  
21 Agency for Palestine Refugees in the Near East, the Presi-  
22 dent shall take into account (1) whether Israel and the Arab  
23 host governments are taking steps toward the resettlement  
24 and repatriation of such refugees, and (2) the extent and

1 success of efforts by the Agency and the Arab host govern-  
2 ments to rectify the Palestine refugee relief rolls.

3 SEC. 302. AUTHORIZATION.—There is hereby author-  
4 ized to be appropriated to the President for use, in addition to  
5 funds available under any other Act for such purposes, for  
6 the fiscal year 1962 to carry out the purposes of this chapter  
7 not to exceed \$153,500,000.

8 SEC. 303. INDUS BASIN DEVELOPMENT.—In the event  
9 that funds made available under this Act (other than part  
10 II) are used by or under the supervision of the International  
11 Bank for Reconstruction and Development in furtherance of  
12 the development of the Indus Basin through the program of  
13 cooperation among South Asian and other countries of the  
14 free world, which is designed to promote economic growth and  
15 political stability in South Asia, such funds may be used in  
16 accordance with requirements, standards, or procedures  
17 established by the Bank concerning completion of plans and  
18 cost estimates and determination of feasibility, rather than  
19 with requirements, standards, or procedures concerning such  
20 matters set forth in this or other Acts; and such funds may  
21 also be used without regard to the provisions of section  
22 901 (b) of the Merchant Marine Act, 1936, as amended  
23 (46 U.S.C. 1241), whenever the President determines that  
24 such provisions cannot be fully satisfied without seriously



1 impeding or preventing accomplishment of the purposes of  
2 such programs: *Provided*, That compensating allowances are  
3 made in the administration of other programs to the same or  
4 other areas to which the requirements of said section 901 (b)  
5 are applicable.

6 CHAPTER 4—SUPPORTING ASSISTANCE

7 SEC. 401. GENERAL AUTHORITY.—The President is au-  
8 thorized to furnish assistance to friendly countries, organiza-  
9 tions, and bodies eligible to receive assistance under this part  
10 on such terms and conditions as he may determine, in order  
11 to support or promote economic or political stability.

12 SEC. 402. AUTHORIZATION.—There is hereby author-  
13 ized to be appropriated to the President for use beginning in  
14 the fiscal year 1962 to carry out the purposes of this chapter  
15 not to exceed \$481,000,000, which shall remain available  
16 until expended.

17 SEC. 403. SPECIAL PROVISION.—The President shall  
18 take appropriate measures to assure the use of counterpart  
19 funds. In cases where any commodity is to be furnished on  
20 a grant basis under arrangements which will result in the  
21 accrual of proceeds to the recipient country from the import  
22 or sale thereof, such assistance shall be furnished only if  
23 the recipient country shall have agreed to establish a Special  
24 Account, and

25 (1) deposit in the Special Account, under such

1 terms and conditions as may be agreed upon, currency  
2 of the recipient nation in amounts equal to such pro-  
3 ceeds; and

4 (2) make available to the United States such por-  
5 tion of the Special Account as may be determined by  
6 the President to be necessary for the requirements of  
7 the United States: *Provided*, That such portion shall  
8 not be less than 10 per centum in the case of any coun-  
9 try to which such minimum requirement has been ap-  
10 plicable under any Act repealed by this Act.

#### 11 CHAPTER 5—CONTINGENCY FUND

12 SEC. 451. CONTINGENCY FUND.—(a) There is hereby  
13 authorized to be appropriated to the President for the fiscal  
14 year 1962 not to exceed \$300,000,000 for use by the Presi-  
15 dent for assistance authorized by part I in accordance with  
16 the provisions applicable to the furnishing of such assistance,  
17 when he determines such use to be important to the national  
18 interest.

19 (b) The President shall keep the appropriate com-  
20 mittees of the Congress currently informed of the use of  
21 funds under this section.

#### 22 CHAPTER 6—ASSISTANCE TO NATIONS HAVING AGRARIAN 23 ECONOMIES

24 SEC. 461. ASSISTANCE TO NATIONS HAVING AGRARIAN  
25 ECONOMIES.—(a) It is the policy of the United States and



1 the purpose of this part to secure for the peoples of economi-  
2 cally underdeveloped countries and areas a better and fuller  
3 life, and to establish programs of assistance which meet the  
4 needs of individuals and families who, impatient with their  
5 present status, are undergoing a revolution of rising expecta-  
6 tions.

7 (b) In order to accomplish the purposes of this section  
8 and wherever the President determines that the economy of  
9 any country is in major part an agrarian economy, at least  
10 50 percent by dollar value of all assistance furnished under  
11 this part to such country in each fiscal year shall be  
12 furnished through programs which directly or indirectly  
13 reach the people in such country who are engaged in agrarian  
14 pursuits or who live in the villages or rural areas in such  
15 nation, including programs which will assist them in the  
16 establishment of indigenous cottage industries, in the im-  
17 provement of agricultural methods and techniques, and which  
18 will encourage the development of local programs of self-  
19 help and mutual cooperation.

## 20 PART II

### 21 CHAPTER 1—SHORT TITLE AND POLICY

22 SEC. 501. SHORT TITLE.—This part may be cited as  
23 the “International Peace and Security Act of 1961”.

24 SEC. 502. STATEMENT OF POLICY.—The Congress of

1 the United States reaffirms the policy of the United States  
2 to achieve international peace and security through the  
3 United Nations so that armed force shall not be used except  
4 for individual or collective self-defense. The Congress  
5 hereby finds that the efforts of the United States and other  
6 friendly countries to promote peace and security continue to  
7 require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part  
8 to authorize measures in the common defense against internal and external aggression, including the furnishing of  
9 military assistance, upon request, to friendly countries and  
10 international organizations. In furnishing such military  
11 assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of  
12 weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate  
13 safeguards to protect complying nations against violation  
14 and evasion.

19 The Congress recognizes that the peace of the world  
20 and the security of the United States are endangered so  
21 long as international communism and the countries it controls continue by threat of military action, by the use of  
22 economic pressure, and by internal subversion, or other  
23 means to attempt to bring under their domination peoples



1 now free and independent and continue to deny the rights  
2 of freedom and self-government to peoples and countries once  
3 free but now subject to such domination.

4 In enacting this legislation, it is therefore the intention  
5 of the Congress to promote the peace of the world and the  
6 foreign policy, security, and general welfare of the United  
7 States by fostering an improved climate of political inde-  
8 pendence and individual liberty, improving the ability of  
9 friendly countries and international organizations to deter or,  
10 if necessary, defeat Communist or Communist-supported ag-  
11 gression, facilitating arrangements for individual and collec-  
12 tive security, assisting friendly countries to maintain internal  
13 security, and creating an environment of security and sta-  
14 bility in the developing friendly countries essential to their  
15 more rapid social, economic, and political progress. The  
16 Congress urges that all other countries able to contribute  
17 join in a common undertaking to meet the goals stated in this  
18 part.

19 Finally, the Congress reaffirms its full support of the  
20 progress of the members of the North Atlantic Treaty  
21 Organization toward increased cooperation in political, mili-  
22 tary, and economic affairs. In particular, the Congress wel-  
23 comes the steps which have been taken to promote multi-  
24 lateral programs of coordinated procurement, research,  
25 development, and production of defense articles and urges

1 that such programs be expanded to the fullest extent possible  
2 to further the defense of the North Atlantic Area.

3 CHAPTER 2—MILITARY ASSISTANCE

4 SEC. 503. GENERAL AUTHORITY.—The President is au-  
5 thorized to furnish military assistance on such terms and con-  
6 ditions as he may determine, to any friendly country or  
7 international organization, the assisting of which the Presi-  
8 dent finds will strengthen the security of the United States  
9 and promote world peace and which is otherwise eligible to  
10 receive such assistance, by—

11 (a) acquiring from any source and providing (by  
12 loan, lease, sale, exchange, grant, or any other means)  
13 any defense article or defense service;

14 (b) making financial contributions to multilateral  
15 programs for the acquisition or construction of facilities  
16 in foreign countries for collective defense;

17 (c) providing financial assistance for expenses  
18 incident to participation by the United States Govern-  
19 ment in regional or collective defense organizations; and

20 (d) assigning or detailing members of the Armed  
21 Forces of the United States and other personnel of the  
22 Department of Defense to perform duties of a noncom-  
23 batant nature, including those related to training or  
24 advice.

25 SEC. 504. AUTHORIZATION.—There is hereby author-



1 ized to be appropriated to the President for use beginning  
2 in the fiscal year 1962 not to exceed \$1,800,000,000, and  
3 for the fiscal year 1963 such sums as may be necessary,  
4 to carry out the purposes of this part, which sums shall  
5 remain available until expended.

6 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military  
7 assistance to any friendly country shall be furnished solely for  
8 internal security, for legitimate self-defense, to permit the re-  
9 cipient country to participate in regional or collective ar-  
10 rangements or measures consistent with the Charter of the  
11 United Nations, or otherwise to permit the recipient country  
12 to participate in collective measures requested by the United  
13 Nations for the purpose of maintaining or restoring interna-  
14 tional peace and security.

15 (b) To the extent feasible and consistent with the other  
16 purposes of this part, the use of military forces in economi-  
17 cally underdeveloped friendly countries in the construction  
18 of public works and other activities helpful to economic  
19 development shall be encouraged.

20 SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addi-  
21 tion to such other provisions as the President may require, no  
22 defense articles or defense services shall be furnished to any  
23 country unless it shall have agreed that—

24 (1) It will not, without the consent of the President—

1 (A) permit any use of such articles or services by  
2 anyone not an officer, employee, or agent of that country,

3 (B) transfer or divulge, or permit any officer, em-  
4 ployee, or agent of that country to transfer or divulge,  
5 such articles or services, as the case may be, by gift,  
6 sale, or otherwise, or

7 (C) use or permit the use of such articles or serv-  
8 ices for purposes other than those for which furnished;

9 (2) It will maintain the security of such articles or  
10 services, and will provide substantially the same degree of  
11 security protection afforded to such articles or services by  
12 the United States Government;

13 (3) It will, as the President may require, permit con-  
14 tinuous observation and review by, and furnish necessary  
15 information to, representatives of the United States Govern-  
16 ment with regard to the use of such articles and services,  
17 other than those acquired by purchase or exchange; and

18 (4) Unless the President consents to other disposition,  
19 it will return to the United States Government for such use  
20 or disposition as the President considers in the best interests  
21 of the United States, such articles, other than those acquired  
22 by purchase or exchange, which are no longer needed for  
23 the purposes for which furnished.



1       (b) In addition to such other provisions as the President  
2 may require, no defense articles or defense services shall  
3 be furnished to any country at a cost in excess of \$1,000,000  
4 in any fiscal year unless the President determines—

5           (1) that such country conforms to the purposes and  
6 principles of the Charter of the United Nations;

7           (2) that such defense articles or defense services  
8 will be utilized by such country for the maintenance of  
9 its own defensive strength and the defensive strength  
10 of the free world;

11          (3) that such country is taking all reasonable  
12 measures, consistent with its political and economic  
13 stability, which may be needed to develop its defense  
14 capacities; and

15          (4) that the increased ability of such country to  
16 defend itself is important to the security of the United  
17 States.

18       SEC. 507. SALES.—(a) The President may furnish de-  
19 fense articles from the stocks of the Department of Defense  
20 and defense services to any friendly country or international  
21 organization, without reimbursement from funds made avail-  
22 able for use under this part, if such country or international  
23 organization agrees to pay the value thereof in United States  
24 dollars. Payment shall be made in advance or, as determined  
25 by the President to be in the best interests of the United

1 States, within a reasonable period not to exceed three years  
2 after the delivery of the defense articles, or the provision of  
3 the defense services. For the purposes of this subsection,  
4 the value of excess defense articles shall be not less than  
5 (i) the value specified in section 644 (m) (1) plus the scrap  
6 value, or (ii) the market value, if ascertainable, whichever  
7 is the greater.

8 (b) The President may, without requirement for charge  
9 to any appropriation or contract authorization otherwise pro-  
10 vided, enter into contracts for the procurement of defense  
11 articles or defense services for sale to any friendly country or  
12 international organization if such country or international or-  
13 ganization provides the United States Government with a de-  
14 pendable undertaking (i) to pay the full amount of such  
15 contract which will assure the United States Government  
16 against any loss on the contract, and (ii) to make funds  
17 available in such amounts and at such times as may be re-  
18 quired to meet the payments required by the contract, and  
19 any damages and costs that may accrue from the cancellation  
20 of such contract, in advance of the time such payments,  
21 damages, or costs are due.

22 SEC. 508. REIMBURSEMENTS.—Whenever funds made  
23 available for use under this part are used to furnish military  
24 assistance on cash or credit terms, United States dollar re-  
25 payments, including dollar proceeds derived from the sale



1 of foreign currency repayments to any agency or program of  
2 the United States Government, shall be credited to the cur-  
3 rent applicable appropriation, and shall be available until  
4 expended solely for the purpose of furnishing further mili-  
5 tary assistance on cash or credit terms, and, notwithstanding  
6 any provision of law relating to receipts and credits accruing  
7 to the United States Government, repayments in foreign  
8 currency may be used to carry out this part.

9       SEC. 509. EXCHANGES.—Defense articles or defense  
10 services transferred to the United States Government by a  
11 country or international organization as payment for assist-  
12 ance furnished under this part may be used to carry out this  
13 part, or may be disposed of or transferred to any agency of  
14 the United States Government for stockpiling or other pur-  
15 poses. If such disposal or transfer is made subject to reim-  
16 bursement, the funds so received shall be credited to the  
17 appropriation, fund, or account funding the cost of the  
18 assistance furnished or to any appropriation, fund, or account  
19 currently available for the same general purpose.

20       SEC. 510. SPECIAL AUTHORITY.—(a) The President  
21 may, if he determines it to be vital to the security of the  
22 United States, order defense articles from the stocks of the  
23 Department of Defense and defense services for the purposes  
24 of part II, subject to subsequent reimbursement therefor  
25 from subsequent appropriations available for military assist-

1   ance. The value of such orders under this subsection in any  
2   fiscal year shall not exceed \$400,000,000. Prompt notice of  
3   action taken under this subsection shall be given to the appro-  
4   priate committees of the Congress.

5       (b) The Department of Defense is authorized to incur,  
6   in applicable appropriations, obligations in anticipation of  
7   reimbursements in amounts equivalent to the value of such  
8   orders under subsection (a) of this section. Appropriations  
9   to the President of such sums as may be necessary to reim-  
10   burse the applicable appropriation, fund, or account for such  
11   orders are hereby authorized.

12       SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN  
13   AMERICA.—(a) The value of grant programs of defense  
14   articles for American Republics, pursuant to any authority  
15   contained in this part other than section 507, in any fiscal  
16   year beginning with the fiscal year 1962, shall not exceed  
17   \$60,000,000: *Provided*, That an amount equal to the amount  
18   by which the foregoing ceiling reduces the program as  
19   presented to the Congress for the fiscal year 1962 shall be  
20   transferred to and consolidated with the appropriation made  
21   pursuant to section 212 and shall be used for development  
22   grants in American Republics.

23       (b) Internal security requirements shall not, unless the  
24   President determines otherwise, be the basis for military  
25   assistance programs for American Republics.

## PART III

## CHAPTER 1—GENERAL PROVISIONS

SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the objective of the people of the United States to attain a peaceful world where freedom of the individual and the dignity of man are recognized, and where the State is the servant and not the master of its citizens, it is the desire, hope, and anticipation of the Congress that countries receiving assistance under this Act guarantee to their people freedom of speech, freedom of religion, and freedom of the press.

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of economically underdeveloped free countries, through private trade and investment abroad, private participation in programs carried out under this Act



1 (including the use of private trade channels to the maximum  
2 extent practicable in carrying out such programs), and ex-  
3 change of ideas and technical information on the matters  
4 covered by this section.

5 (b) In order to encourage and facilitate participation  
6 by private enterprise to the maximum extent practicable in  
7 achieving any of the purposes of this Act, the President  
8 shall—

9 (1) make arrangements to find, and draw the at-  
10 tention of private enterprise to, opportunities for invest-  
11 ment and development in economically underdeveloped  
12 free countries and areas;

13 (2) accelerate a program of negotiating treaties for  
14 commerce and trade, including tax treaties, which shall  
15 include provisions to encourage and facilitate the flow of  
16 private investment to, and its equitable treatment in,  
17 free countries and areas participating in programs under  
18 this Act; and

19 (3) seek, consistent with the national interest, com-  
20 pliance by other countries or areas with all treaties for  
21 commerce and trade and taxes, and take all reasonable  
22 measures under this Act or other authority to secure  
23 compliance therewith and to assist United States citi-  
24 zens in obtaining just compensation for losses sustained  
25 by them or payments exacted from them as a result of

1 measures taken or imposed by any country or area  
2 thereof in violation of any such treaty.

3 SEC. 602. SMALL BUSINESS.—Insofar as practicable  
4 and to the maximum extent consistent with the accomplish-  
5 ment of the purposes of this Act, the President shall assist  
6 American small business to participate equitably in the fur-  
7 nishing of commodities, defense articles, and services (in-  
8 cluding defense services) financed with funds made available  
9 under this Act—

10 (1) by causing to be made available to suppliers in  
11 the United States, and particularly to small independent  
12 enterprises, information, as far in advance as possible,  
13 with respect to purchases proposed to be financed with  
14 such funds;

15 (2) by causing to be made available to prospective  
16 purchasers in the countries and areas receiving assist-  
17 ance under this Act information as to such commodities,  
18 articles, services produced by small independent enter-  
19 prises in the United States; and

20 (3) by providing for additional services to give  
21 small business better opportunities to participate in the  
22 furnishing of such commodities, articles, and services  
23 financed with such funds.

24 SEC. 603. SHIPPING ON UNITED STATES VESSELS.—  
25 The ocean transportation between foreign countries of com-

1 commodities and defense articles procured out of local cur-  
2 rency funds made available or derived from funds made  
3 available under this Act or the Agricultural Trade Develop-  
4 ment and Assistance Act of 1954, as amended (7 U.S.C.  
5 1691 and the following), shall not be governed by the  
6 provisions of section 901 (b) of the Merchant Marine Act,  
7 1936, or any other law relating to the ocean trans-  
8 portation of commodities and defense articles on United  
9 States flag vessels. Sales of fresh fruit and the products  
10 thereof under this Act shall be exempt from the requirements  
11 of the cargo preference laws (Public Resolution 17, Seventy-  
12 third Congress, and section 901 (b) of the Merchant Marine  
13 Act, 1936, as amended).

14 SEC. 604. PROCUREMENT.—(a) Funds made available  
15 under this Act may be used for procurement outside the  
16 United States only if the President determines that such pro-  
17 curement will not result in adverse effects upon the economy  
18 of the United States or the industrial mobilization base, with  
19 special reference to any areas of labor surplus or to the net  
20 position of the United States in its balance of payments with  
21 the rest of the world, which outweigh the economic or other  
22 advantages to the United States of less costly procurement  
23 outside the United States.

24 (b) No funds made available under this Act shall be  
25 used for the purchase in bulk of any commodities at prices



1 higher than the market price prevailing in the United States  
2 at the time of purchase, adjusted for differences in the cost  
3 of transportation to destination, quality, and terms of pay-  
4 ment.

5 (c) In providing for the procurement of any surplus  
6 agricultural commodity for transfer by grant under this Act  
7 to any recipient country in accordance with its requirements,  
8 the President shall, insofar as practicable and when in fur-  
9 therance of the purposes of this Act, authorize the procure-  
10 ment of such surplus agricultural commodity only within the  
11 United States except to the extent that such surplus agricul-  
12 tural commodity is not available in the United States in  
13 sufficient quantities to supply the emergency requirements of  
14 recipients under this Act.

15 (d) In providing assistance in the procurement of com-  
16 modities in the United States, United States dollars shall be  
17 made available for marine insurance on such commodities  
18 where such insurance is placed on a competitive basis in  
19 accordance with normal trade practice prevailing prior to the  
20 outbreak of World War II: *Provided*, That in the event a  
21 participating country, by statute, decree, rule, or regulation,  
22 discriminates against any marine insurance company au-  
23 thorized to do business in any State of the United States,  
24 then commodities purchased with funds provided hereunder  
25 and destined for such country shall be insured in the United

1 States against marine risk with a company or companies  
2 authorized to do a marine insurance business in any State  
3 of the United States.

4       SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any  
5 commodities and defense articles procured to carry out this  
6 Act shall be retained by, or upon reimbursement, trans-  
7 ferred to, and for the use of, such agency of the United  
8 States Government as the President may determine in lieu  
9 of being disposed of to a foreign country or international  
10 organization, whenever in the judgment of the President the  
11 best interests of the United States will be served thereby,  
12 or whenever such retention is called for by concurrent reso-  
13 lution. Any commodities or defense articles so retained may  
14 be disposed of without regard to provisions of law relating to  
15 the disposal of property owned by the United States Govern-  
16 ment, when necessary to prevent spoilage or wastage of such  
17 commodities or defense articles or to conserve the usefulness  
18 thereof. Funds realized from any disposal or transfer shall  
19 revert to the respective appropriation, fund, or account used  
20 to procure such commodities or defense articles or to the  
21 appropriation, fund, or account currently available for the  
22 same general purpose.

23       (b) Whenever commodities are transferred to the United  
24 States Government as repayment of assistance under this  
25 Act, such commodities may be used in furtherance of the

1 purposes of this Act in accordance with the provisions of this  
2 Act applicable to the furnishing of such assistance.

3 SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

4 (a) Whenever, in connection with the furnishing of assist-  
5 ance under this Act—

6 (1) an invention or discovery covered by a patent  
7 issued by the United States Government is practiced  
8 within the United States without the authorization of  
9 the owner, or

10 (2) information, which is (i) protected by law,  
11 and (ii) held by the United States Government subject  
12 to restrictions imposed by the owner, is disclosed by  
13 the United States Government or any of its officers, em-  
14 ployees, or agents in violation of such restrictions,  
15 the exclusive remedy of the owner, except as provided in  
16 subsection (b) of this section, is to sue the United States  
17 Government for reasonable and entire compensation for such  
18 practice or disclosure in the district court of the United  
19 States for the district in which such owner is a resident, or  
20 in the Court of Claims, within six years after the cause of  
21 action arises. Any period during which the United States  
22 Government is in possession of a written claim under sub-  
23 section (b) of this section before mailing a notice of denial  
24 of that claim does not count in computing the six years. In  
25 any such suit, the United States Government may plead any



1 defense that may be pleaded by a private person in such an  
2 action. The last paragraph of section 1498 (a) of title 28 of  
3 the United States Code shall apply to inventions and in-  
4 formation covered by this section.

5 (b) Before suit against the United States Government  
6 has been instituted, the head of the agency of the United  
7 States Government concerned may settle and pay any claim  
8 arising under the circumstances described in subsection (a)  
9 of this section. No claim may be paid under this subsection  
10 unless the amount tendered is accepted by the claimant in  
11 full satisfaction.

12 SEC. 607. FURNISHING OF SERVICES AND COMMODI-  
13 TIES.—Whenever the President determines it to be consistent  
14 with and in furtherance of the purposes of part I and within  
15 the limitations of this Act, any agency of the United States  
16 Government is authorized to furnish services and commodi-  
17 ties on an advance-of-funds or reimbursement basis to friendly  
18 countries, international organizations, the American Red  
19 Cross, and voluntary nonprofit relief agencies registered with  
20 and approved by the Advisory Committee on Voluntary For-  
21 eign Aid. Such advances or reimbursements which are re-  
22 ceived under this section within one hundred and eighty days  
23 after the close of the fiscal year in which such services and  
24 commodities are delivered, may be credited to the current ap-  
25 plicable appropriation, account, or fund of the agency con-

1 cerned and shall be available for the purposes for which such  
2 appropriation, account, or fund is authorized to be used.

3       SEC. 608. ADVANCE ACQUISITION OF PROPERTY.— (a)  
4 The President is authorized to maintain in a separate account,  
5 which shall, notwithstanding section 1210 of the General  
6 Appropriation Act, 1951 (64 Stat. 765), be free from fiscal  
7 year limitation, \$5,000,000 of funds made available under  
8 section 212, which may be used to pay costs of acquisition,  
9 storage, renovation and rehabilitation, packing, crating,  
10 handling, transportation, and related costs of property classi-  
11 fied as domestic or foreign excess property pursuant to the  
12 Federal Property and Administrative Services Act of 1949,  
13 as amended (40 U.S.C. 471 et seq.), or other property, in  
14 advance of known requirements therefor for use in further-  
15 ance of the purposes of part I: *Provided*, That the amount of  
16 property classified as domestic excess property pursuant to  
17 the Federal Property and Administrative Services Act of  
18 1949, as amended (40 U.S.C. 471 et seq.), held at any  
19 one time pursuant to this section shall not exceed \$15,000,-  
20 000 in total original acquisition cost. Property acquired pur-  
21 suant to the preceding sentence may be furnished (i) pur-  
22 suant to any provision of part I for which funds are authorized  
23 for the furnishing of assistance, in which case the separate ac-  
24 count established pursuant to this section shall be repaid from  
25 funds made available for such provision for all costs incur-

1 red, or (ii) pursuant to section 607, in which case such  
2 separate account shall be repaid in accordance with the pro-  
3 visions of that section for all costs incurred.

4 (b) Property classified as domestic excess property  
5 under the Federal Property and Administrative Services  
6 Act of 1949, as amended (40 U.S.C. 471 et seq.), shall  
7 not be transferred to the agency primarily responsible for  
8 administering part I for use pursuant to the provisions of  
9 part I or section 607 unless (1) such property is trans-  
10 ferred for use exclusively by an agency of the United States  
11 Government, or (2) it has been determined in the same  
12 manner as provided for surplus property in section 203 (j)  
13 of the Federal Property and Administrative Services Act  
14 of 1949, as amended, that such property is not needed for  
15 donation pursuant to that subsection. The foregoing restric-  
16 tions shall not apply to the transfer in any fiscal year for  
17 use pursuant to the provisions of part I of amounts of such  
18 property with a total original acquisition cost to the United  
19 States Government not exceeding \$35,000,000.

20 SEC. 609. TRANSFER BETWEEN ACCOUNTS.—When-  
21 ever the President determines it to be necessary for the  
22 purposes of this Act, not to exceed 10 per centum of the  
23 funds made available for any provision of this Act may be  
24 transferred to, and consolidated with, the funds made avail-  
25 able for any other provision of this Act, and may be used



1 for any of the purposes for which such funds may be used,  
2 except that the total in the provision for the benefit of which  
3 the transfer is made shall not be increased by more than  
4 20 per centum of the amount of funds made available for  
5 such provision.

6 SEC. 610. COMPLETION OF PLANS AND COST ESTI-  
7 MATES.—(a) No agreement or grant which constitutes an  
8 obligation of the United States Government in excess of  
9 \$100,000 under section 1311 of the Supplemental Appropri-  
10 ation Act, 1955, as amended (31 U.S.C. 200), shall be  
11 made for any assistance authorized under titles I and II  
12 of chapter 2 and chapter 4 of part I—

13 (1) if such agreement or grant requires substantive  
14 technical or financial planning, until engineering, finan-  
15 cial, and other plans necessary to carry out such assist-  
16 ance, and a reasonably firm estimate of the cost to the  
17 United States Government of providing such assist-  
18 ance, have been completed; and

19 (2) if such agreement or grant requires legislative  
20 action within the recipient country, unless such legis-  
21 lative action may reasonably be anticipated to be com-  
22 pleted in time to permit the orderly accomplishment of  
23 the purposes of such agreement or grant.

24 (b) Plans required under subsection (a) of this section  
25 for any water or related land resource construction project

1 or program shall include a computation of benefits and costs  
2 made insofar as practicable in accordance with the procedures  
3 set forth in circular A-47 of the Bureau of the Budget with  
4 respect to such computations.

5 (c) To the maximum extent practicable, all contracts for  
6 construction outside the United States made in connection  
7 with any agreement or grant subject to subsection (a) of  
8 this section shall be made on a competitive basis.

9 (d) Subsection (a) of this section shall not apply to  
10 any assistance furnished for the sole purpose of preparation  
11 of engineering, financial, and other plans.

12 SEC. 611. USE OF FOREIGN CURRENCIES.—Except as  
13 otherwise provided in this Act or other Acts, foreign cur-  
14 rencies received either (1) as a result of the furnishing of  
15 nonmilitary assistance under the Mutual Security Act of  
16 1954, as amended, or any Act repealed thereby, and unob-  
17 ligated on the date prior to the effective date of this Act, or  
18 (2) on or after the effective date of this Act, as a result of  
19 the furnishing of nonmilitary assistance under the Mutual  
20 Security Act of 1954, as amended, or any Act repealed  
21 thereby, or (3) as a result of the furnishing of assistance  
22 under part I, may be sold by the Secretary of the Treasury  
23 to agencies of the United States Government for payment  
24 of their obligations outside the United States, and the United

1 States dollars received as reimbursement shall be deposited  
2 into miscellaneous receipts of the Treasury. Foreign cur-  
3 rencies so received which are in excess of the requirements  
4 of the United States Government in payment of its obliga-  
5 tions outside the United States, as such requirements may be  
6 determined from time to time by the President, shall be  
7 available for the authorized purposes of part I in such amounts  
8 as may be specified from time to time in appropriation Acts.

9 SEC. 612. SPECIAL AUTHORITIES.—(a) The President  
10 may authorize in each fiscal year the use of funds made available  
11 for use under this Act and the furnishing of assistance under sec-  
12 tion 510 in a total amount not to exceed \$250,000,000 and the  
13 use of not to exceed \$100,000,000 of foreign currencies accru-  
14 ing under this Act or any other law, without regard to the re-  
15 quirements of this Act, any law relating to receipts and credits  
16 accruing to the United States, any Act appropriating funds for  
17 use under this Act, or the Mutual Defense Assistance Control  
18 Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of  
19 the purposes of such Acts, when the President determines that  
20 such authorization is important to the security of the United  
21 States. Not more than \$50,000,000 of the funds available  
22 under this subsection may be allocated to any one country  
23 in any fiscal year.

24 (b) Whenever the President determines it to be impor-  
25 tant to the national interest, he may use funds available for



1 the purposes of chapter 4 of part I in order to meet the re-  
2 sponsibilities or objectives of the United States in Germany,  
3 including West Berlin, and without regard to such provisions  
4 of law as he determines should be disregarded to achieve  
5 this purpose.

6 (c) The President is authorized to use amounts not to  
7 exceed \$50,000,000 of the funds made available under this  
8 Act pursuant to his certification that it is inadvisable to  
9 specify the nature of the use of such funds, which certifica-  
10 tion shall be deemed to be a sufficient voucher for such  
11 amounts.

12 SEC. 613. CONTRACT AUTHORITY.—Provisions of this  
13 Act authorizing the appropriation of funds shall be construed  
14 to authorize the granting in any appropriation Act of author-  
15 ity to enter into contracts, within the amounts so authorized  
16 to be appropriated, creating obligations in advance of  
17 appropriations.

18 SEC. 614. AVAILABILITY OF FUNDS.—Except as other-  
19 wise provided in this Act, funds shall be available to carry  
20 out the provisions of this Act as authorized and appropriated  
21 to the President each fiscal year.

22 SEC. 615. COORDINATION WITH OTHER FREE NATIONS  
23 AND ORGANIZATION OF AMERICAN STATES.—The Presi-  
24 dent shall provide for the coordination of programs of as-  
25 sistance carried out under this Act with programs of as-

1   sistance being carried out by other free countries, and by the  
2   Organization of American States and other international  
3   organizations.

4       SEC. 616. TERMINATION OF ASSISTANCE.—Assistance  
5   under any provision of this Act may, unless sooner termi-  
6   nated by the President, be terminated by concurrent reso-  
7   lution. Funds made available under this Act shall remain  
8   available for a period not to exceed twelve months from the  
9   date of termination of assistance under this Act for the neces-  
10   sary expenses of winding up programs related thereto.

11       SEC. 617. ASSISTANCE TO CUBA.—No assistance shall  
12   be furnished under this Act to Cuba unless the President  
13   determines that such assistance is in the national and hemi-  
14   spheric interest of the United States.

15       SEC. 618. PROHIBITION AGAINST FURNISHING AS-  
16   SISTANCE TO CERTAIN COUNTRIES.—No assistance shall be  
17   furnished under this Act to any country or area dominated  
18   or controlled by the international Communist movement.

19           CHAPTER 2—ADMINISTRATIVE PROVISIONS

20       SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-  
21   dent may exercise any functions conferred upon him by this  
22   Act through such agency or officer of the United States  
23   Government as he shall direct. The head of any such agency  
24   or such officer may from time to time promulgate such rules  
25   and regulations as may be necessary to carry out such func-

1 tions, and may delegate authority to perform any such func-  
2 tions, including, if he shall so specify, the authority succes-  
3 sively to redelegate any of such functions, to any of his  
4 subordinates.

5 (b) Notwithstanding the provisions of section 642 (a),  
6 the Development Loan Fund, the International Cooperation  
7 Administration, and the Office of the Inspector General and  
8 Comptroller shall continue in existence for a period not to  
9 exceed sixty days after the effective date of this Act, unless  
10 sooner abolished by the President. There shall continue  
11 to be available to each such agency and office during such  
12 period the respective functions, offices, personnel, property,  
13 records, funds, and assets which were available thereto on  
14 the date prior to the effective date of this Act.

15 (c) On the date of the abolition of the Development  
16 Loan Fund, the President shall designate an officer or head  
17 of an agency of the United States Government carrying out  
18 functions under part I to whom shall be transferred, and  
19 who shall accept the assets of, assume the obligations and  
20 liabilities of, and exercise the rights established or acquired  
21 for the benefit of, or with respect to, the fund as of the date  
22 of abolition and not otherwise disposed of by this Act. In  
23 addition, on such date the President shall designate such  
24 officer or head of agency as the person to be sued in the event  
25 of default in the fulfillment of the obligations of the fund,



1 and shall transfer to such officer or head of agency such  
2 offices, entities, functions, personnel, property, and records  
3 of the fund as may be necessary.

4 (d) On the date of the abolition of the International  
5 Cooperation Administration, the President shall transfer to an  
6 officer or head of an agency of the United States Govern-  
7 ment carrying out functions under part I such offices, en-  
8 tities, functions, personnel, property, records, and funds of  
9 such agency, not otherwise disposed of by this Act, as may  
10 be necessary.

11 (e) On the date of the abolition of the agencies  
12 referred to in subsections (c) and (d) of this section, the  
13 President shall designate an officer or head of an agency of  
14 the United States Government carrying out functions under  
15 part I to whom shall be transferred, and who shall accept  
16 the assets of, assume the obligations and liabilities of, and  
17 exercise the rights established or acquired for the benefit of,  
18 or with respect to, the Export-Import Bank of Washington  
19 related to the loans made by the Bank pursuant to section  
20 104 (e) of the Agricultural Trade Development and Assist-  
21 ance Act of 1954, as amended (7 U.S.C. 1704 (e)). In  
22 addition, on such date the President shall designate such  
23 officer or head of agency to be sued in the event of default  
24 in the fulfillment of such obligations of the Bank, and shall

1 transfer to such office or head of agency such records of the  
2 Bank as may be necessary.

3 SEC. 622. STATUTORY OFFICERS.—(a) The President  
4 may appoint, by and with the advice and consent of the  
5 Senate, twelve officers in the agency primarily responsible for  
6 administering part I, of whom—

7 (1) one shall have the rank of an Under Secretary  
8 and shall be compensated at a rate not to exceed the rate  
9 authorized by law for any Under Secretary of an execu-  
10 tive department;

11 (2) two shall have the rank of Deputy Under Sec-  
12 retaries and shall be compensated at a rate not to exceed  
13 the rate authorized by law for any Deputy Under Sec-  
14 retary of an executive department; and

15 (3) nine shall have the rank of Assistant Secre-  
16 taries and shall be compensated at a rate not to exceed  
17 the rate authorized by law for any Assistant Secretary  
18 of an executive department.

19 (b) Within the limitations established by subsection (a)  
20 of this section, the President may fix the rate of compensa-  
21 tion, and may designate the title of, any officer appointed pur-  
22 suant to the authority contained in that subsection. The  
23 President may also fix the order of succession among the offi-  
24 cers provided for in paragraphs (2) and (3) of subsection

1 (a) of this section in the event of the absence, death, resig-  
2 nation, or disability of the officers provided for in paragraphs  
3 (1) and (2) of that subsection.

4 (c) Any person who was appointed, by and with the  
5 advice and consent of the Senate, to any statutory position  
6 authorized by any provision of law repealed by section  
7 642 (a) and who is serving in one of such positions at the  
8 time of transfer of functions pursuant to subsections (c) and  
9 (d) of section 621 may be appointed by the President to a  
10 position authorized by subsection (a) of this section on the  
11 date of the establishment of the agency primarily responsible  
12 for administering part I, without further action by the  
13 Senate.

14 (d) Notwithstanding the provisions of section 642  
15 (a) (1) and 642 (a) (2), any person who, on the date  
16 prior to the effective date of this Act, held an office or a  
17 position authorized pursuant to sections 205 (b), 527 (b),  
18 and 533A of the Mutual Security Act of 1954, as amended,  
19 and Reorganization Plan Numbered 7 of 1953, may con-  
20 tinue to hold such office or position, subject to the discretion  
21 of the head of the agency primarily responsible for admin-  
22 istering part I, for a period of not more than sixty days  
23 following the effective date of this Act.

24 (e) (1) In addition to the officers provided for in sub-



1 section (a) of this section, there shall be in the Department  
2 of State an officer with the title of "Inspector General, For-  
3 eign Assistance," who shall be appointed by the President,  
4 by and with the advice and consent of the Senate. In addi-  
5 tion, there shall be one Deputy Inspector General, Foreign  
6 Assistance, and two Assistant Inspector Generals, Foreign  
7 Assistance, who shall be appointed by the President, and  
8 such other personnel as may be required to carry out the  
9 functions vested in the Inspector General, Foreign Assist-  
10 ance, by this subsection. Notwithstanding any other pro-  
11 visions of law, such of the personnel employed under the  
12 authority of section 533A of the Mutual Security Act of 1954,  
13 as amended, as the Inspector General, Foreign Assistance,  
14 may designate, and such of the property, records, and funds  
15 of the office established by such section 533A as the Inspec-  
16 tor General, Foreign Assistance, may deem necessary, may  
17 be transferred to the office of the Inspector General, For-  
18 eign Assistance. The Inspector General, Foreign Assistance,  
19 shall receive compensation at the rate of \$20,000 annually;  
20 the Deputy Inspector General, Foreign Assistance, shall re-  
21 ceive compensation at the rate of \$19,500 annually, and each  
22 Assistant Inspector General, Foreign Assistance, shall receive  
23 compensation at the rate of \$19,000 annually.

24 (2) The Inspector General, Foreign Assistance, shall

1 report directly to the Secretary of State and shall have the  
2 following duties and responsibilities:

3 (A) He shall arrange for, direct or conduct such  
4 reviews, inspections and audits of programs being con-  
5 ducted under part I of this Act and of the Peace Corps  
6 as he considers necessary for the purpose of ascertaining  
7 the efficiency and the economy of their administration,  
8 their consonance with the foreign policy of the United  
9 States, and the attainment of their objectives.

10 (B) For the purpose of ascertaining the extent to  
11 which programs of assistance being carried out under  
12 part II of this Act and the Agricultural Trade Develop-  
13 ment and Assistance Act of 1954, as amended, are in  
14 consonance with the foreign policy of the United States,  
15 are aiding in the attainment of the objectives of this Act,  
16 and are being carried out consistently with the responsi-  
17 bilities with respect thereto of the respective United  
18 States chiefs of missions and of the Secretary of State,  
19 as well as the efficiency and the economy with which  
20 such responsibilities are discharged, he shall arrange  
21 for, direct or conduct such reviews, inspections and  
22 audits of programs of assistance under part II of this  
23 Act and the Agricultural Trade Development and As-  
24 sistance Act of 1954, as amended, as he considers  
25 necessary.

1       (3) The Inspector General shall maintain continuous  
2 observation and review of programs with respect to which  
3 he has responsibilities under paragraph (2) of this subsection  
4 for the purpose of—

5           (A) determining the extent to which such pro-  
6 grams are in compliance with applicable laws and regu-  
7 lations;

8           (B) making recommendations for the correction of  
9 deficiencies in, or for improving the organization, plans  
10 or procedures of, such programs; and

11          (C) evaluating the effectiveness of such programs  
12 in attaining United States foreign policy objectives and  
13 reporting to the Secretary of State with respect thereto.

14       (4) In order to eliminate duplication and to assure full  
15 utilization of existing data, the Inspector General, Foreign  
16 Assistance, shall, in carrying out his duties under this Act,  
17 give due regard to the audit, investigative and inspection ac-  
18 tivities of the various agencies, including those of the General  
19 Accounting Office and of the military Inspectors General.

20       (5) For the purpose of aiding in carrying out his  
21 duties under this Act, the Inspector General, Foreign As-  
22 sistance, shall have access to all records, reports, audits,  
23 reviews, documents, papers, recommendations, or other ma-  
24 terial of the agencies of the United States Government ad-  
25 ministering part I or part II of this Act, the Peace Corps



1 or the Agricultural Trade Development and Assistance Act  
2 of 1954, as amended. All agencies of the United States  
3 Government shall cooperate with the Inspector General,  
4 Foreign Assistance, and shall furnish assistance upon request  
5 to the Inspector General, Foreign Assistance, in aid of his  
6 responsibilities.

7 (6) The Inspector General shall have authority to  
8 suspend all or any part of any project or operation with  
9 respect to which he has conducted or is conducting an in-  
10 spection, audit or review provided he first has given written  
11 notice to the Secretary of State. Any such suspension shall  
12 remain effective until such program or part thereof is ordered  
13 resumed by the Inspector General, Foreign Assistance, or  
14 by the Secretary of State. This paragraph shall not apply  
15 to part II of this Act, and with respect to the Agricultural  
16 Trade Development and Assistance Act of 1954, as  
17 amended, shall apply only to projects and operations admin-  
18 istered by the Secretary of State.

19 (7) Expenses of the Inspector General, Foreign Assist-  
20 ance, with respect to programs under part I or part II of this  
21 Act and the Peace Corps shall be charged to the appropria-  
22 tions made to carry out such programs, and with respect  
23 to programs under the Agricultural Trade Development and  
24 Assistance Act of 1954, as amended, shall be charged to  
25 funds available under the authority of this Act. Such ex-

1   penses shall not exceed \$2,000,000 in any fiscal year. The  
2   Inspector General, Foreign Assistance, may make expendi-  
3   tures (not in excess of \$2,000 in any fiscal year) of a con-  
4   fidential nature when he finds that such expenditures are in  
5   aid of inspections, audits or reviews under this subsection.  
6   A certificate of the amount of each such expenditure, the  
7   nature of which it is considered inadvisable to specify, shall  
8   be made by the Inspector General, Foreign Assistance, and  
9   every such certificate shall be deemed a sufficient voucher for  
10  the amount therein specified.

11       SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any  
12  agency or officer of the United States Government carrying  
13  out functions under this Act is authorized to employ such  
14  personnel as the President deems necessary to carry out  
15  the provisions and purposes of this Act.

16       (b) Of the personnel employed in the United States  
17  to carry out part I or coordinate part I and part II, not to  
18  exceed eighty-five may be appointed, compensated, or re-  
19  moved without regard to the provisions of any law, of whom  
20  not to exceed fifty-five may be compensated at rates higher  
21  than those provided for grade 15 of the general schedule  
22  established by the Classification Act of 1949, as amended  
23  (5 U.S.C. 1071 et seq.), and of these, not to exceed ten may  
24  be compensated at a rate in excess of the highest rate pro-  
25  vided for grades of such general schedule but not in excess

1 of \$19,000 per year: *Provided*, That under such regulations  
2 as the President shall prescribe officers and employees of  
3 the United States Government who are appointed to any  
4 of the above positions may be entitled, upon removal from  
5 such position, to reinstatement to the position occupied at  
6 the time of appointment or to a position of comparable  
7 grade and salary. Such positions shall be in addition to those  
8 authorized by law to be filled by Presidential appointment,  
9 and in addition to the number authorized by section 505 of  
10 the Classification Act of 1949, as amended.

11 (c) Of the personnel employed in the United States to  
12 carry out part II, not to exceed eight may be compensated  
13 at rates higher than those provided for grade 15 of the gen-  
14 eral schedule established by the Classification Act of 1949,  
15 as amended, and of these, not to exceed three may be com-  
16 pensated at a rate in excess of the highest rate provided for  
17 grades of such general schedule but not in excess of \$19,000  
18 per year. Such positions shall be in addition to those author-  
19 ized by law to be filled by Presidential appointment, and in  
20 addition to the number authorized by section 505 of the  
21 Classification Act of 1949, as amended.

22 (d) For the purpose of performing functions under this  
23 Act outside the United States the President may—

24 (1) employ or assign persons, or authorize the em-  
25 ployment or assignment of officers or employees by



1 agencies of the United States Government, who shall  
2 receive compensation at any of the rates provided for  
3 the Foreign Service Reserve and Staff by the Foreign  
4 Service Act of 1946, as amended (22 U.S.C. 801 et  
5 seq.), together with allowances and benefits thereunder;  
6 and persons so employed or assigned shall be entitled,  
7 except to the extent that the President may specify  
8 otherwise in cases in which the period of employment or  
9 assignment exceeds thirty months, to the same benefits  
10 as are provided by section 528 of that Act for persons  
11 appointed to the Foreign Service Reserve, and the pro-  
12 visions of section 1005 of that Act shall apply in the  
13 case of such persons, except that policymaking officials  
14 shall not be subject to that part of section 1005 of that  
15 Act which prohibits political tests; and

16 (2) utilize such authority, including authority to ap-  
17 point and assign personnel for the duration of operations  
18 under this Act, contained in the Foreign Service Act of  
19 1946, as amended, as the President deems necessary to  
20 carry out functions under this Act; and such provisions  
21 of the Foreign Service Act of 1946, as amended, as  
22 the President deems appropriate shall apply to personnel  
23 appointed or assigned under this paragraph, including  
24 in all cases, the provisions of section 528 of that Act:  
25 *Provided, however,* That the President may by regula-

1       tion make exceptions to the application of section 528  
2       in cases in which the period of the appointment or as-  
3       signment exceeds thirty months: *Provided further*, That  
4       Foreign Service Reserve officers appointed or assigned  
5       pursuant to this paragraph shall receive within-class  
6       salary increases in accordance with such regulations as  
7       the President may prescribe.

8       (e) The President is authorized to prescribe by regu-  
9       lation standards or other criteria for maintaining adequate  
10      performance levels for personnel appointed or assigned pur-  
11      suant to paragraph (2) of subsection (d) of this section and  
12      section 527 (c) (2) of the Mutual Security Act of 1954, as  
13      amended, and may, notwithstanding any other law, separate  
14      employees who fail to meet such standards or other criteria,  
15      and also may grant such personnel severance benefits of one  
16      month's salary for each year's service, but not to exceed  
17      one year's salary at the then current salary rate of such  
18      personnel: *Provided*, That in carrying out this subsection,  
19      no political test shall be required or taken into consideration,  
20      nor shall there be any discrimination against any person on  
21      account of race, creed, or color.

22      (f) Funds provided for in agreements with foreign coun-  
23      tries for the furnishing of services under this Act shall be  
24      deemed to be obligated for the services of personnel em-

1 employed by the United States Government as well as other  
2 personnel.

3 SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OF-  
4 FICERS.—(a) Experts and consultants or organizations  
5 thereof may, as authorized by section 15 of the Act of  
6 August 2, 1946, as amended (5 U.S.C. 55a), be employed  
7 for the performance of functions under this Act, and in-  
8 dividuals so employed may be compensated at rates not in  
9 excess of \$75 per diem, and while away from their homes or  
10 regular places of business, they may be paid actual travel ex-  
11 penses and per diem in lieu of subsistence at the applicable  
12 rate prescribed in the standardized Government travel regu-  
13 lations, as amended from time to time. Contracts for such  
14 employment with such organizations, employment of per-  
15 sonnel as experts and consultants, not to exceed ten in num-  
16 ber, contracts for such employment of retired military per-  
17 sonnel with specialized research and development experience,  
18 not to exceed ten in number, and contracts for such employ-  
19 ment of retired military personnel with specialized experi-  
20 ence of a broad politico-military nature, not to exceed five  
21 in number, may be renewed annually.

22 (b) Service of an individual as an expert or consultant  
23 under subsection (a) of this section shall not be considered



1 as service or employment bringing such individual within  
2 the provisions of section 281, 283, or 284 of title 18 of the  
3 United States Code, or of section 190 of the Revised Statutes  
4 (5 U.S.C. 99), or of any other Federal law imposing re-  
5 strictions, requirements, or penalties in relation to the em-  
6 ployment of persons, the performance of services, or the  
7 payment or receipt of compensation in connection with any  
8 claim, proceeding, or matter involving the United States  
9 Government, except insofar as such provisions of law may  
10 prohibit any such individual from receiving compensation in  
11 respect of any particular matter in which such individual was  
12 directly involved in the performance of such service. Nor  
13 shall such service be considered as employment or holding  
14 of office or position bringing such individual within the pro-  
15 visions of section 13 of the Civil Service Retirement Act, as  
16 amended (5 U.S.C. 2263), section 212 of Public Law  
17 72-212, as amended (5 U.S.C. 59a), section 872 of the  
18 Foreign Service Act of 1946, as amended, or any other law  
19 limiting the reemployment of retired officers or employees or  
20 governing the simultaneous receipt of compensation and  
21 retired pay or annuities.

22 (c) Notwithstanding section 2 of the Act of July 31,  
23 1894, as amended (5 U.S.C. 62), any retired officer of any  
24 of the services mentioned in the Career Compensation Act  
25 of 1949, as amended (37 U.S.C. 231 et seq.), may hold any

1 office or appointment under this Act, but the compensation of  
2 any such retired officer shall be subject to the provisions of  
3 section 212 of Public Law 72-212, as amended.

4 (d) Persons of outstanding experience and ability may  
5 be employed without compensation by any agency of the  
6 United States Government for the performance of functions  
7 under this Act in accordance with the provisions of section  
8 710 (b) of the Defense Production Act of 1950, as amended  
9 (50 U.S.C. app. 2160 (b) ), and regulations issued there-  
10 under.

11 SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOV-  
12 ERNMENTS.—Whenever the President determines it to be in  
13 furtherance of the purposes of this Act, the head of any  
14 agency of the United States Government is authorized to  
15 detail or assign any officer or employee of his agency to any  
16 office or position with any foreign government or foreign  
17 government agency, where acceptance of such office or posi-  
18 tion does not involve the taking of an oath of allegiance to  
19 another government or the acceptance of compensation or  
20 other benefits from any foreign country by such officer or  
21 employee.

22 SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL  
23 ORGANIZATIONS.—Whenever the President determines it to  
24 be consistent with and in furtherance of the purposes of this  
25 Act, the head of any agency of the United States Government

1 is authorized to detail, assign, or otherwise make available to  
2 any international organization any officer or employee of his  
3 agency to serve with, or as a member of, the international  
4 staff of such organization, or to render any technical, scien-  
5 tific, or professional advice or service to, or in cooperation  
6 with, such organization.

7       SEC. 627. STATUS OF PERSONNEL DETAILED.—(a)  
8 Any officer or employee, while assigned or detailed under  
9 section 625 or 626 of this Act, shall be considered, for the  
10 purpose of preserving his allowances, privileges, rights,  
11 seniority, and other benefits as such, an officer or employee  
12 of the United States Government and of the agency of the  
13 United States Government from which detailed or assigned,  
14 and he shall continue to receive compensation, allowances,  
15 and benefits from funds appropriated to that agency or made  
16 available to that agency under this Act.

17       (b) Any officer or employee assigned, detailed, or ap-  
18 pointed under sections 625, 626, 629, or 622 (e) of this Act  
19 is authorized to receive under such regulations as the Presi-  
20 dent may prescribe, representation allowances similar to  
21 those allowed under section 901 of the Foreign Service Act  
22 of 1946, as amended (22 U.S.C. 1131). The authorization  
23 of such allowances and other benefits and the payment  
24 thereof out of any appropriations available therefor shall be



1 considered as meeting all the requirements of section 1765  
2 of the Revised Statutes (5 U.S.C. 70).

3 SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—De-  
4 tails or assignments may be made under section 625 or 626  
5 of this Act or section 408 of the Mutual Security Act of  
6 1954, as amended—

7 (1) without reimbursement to the United States  
8 Government by the foreign government or international  
9 organization;

10 (2) upon agreement by the foreign government or  
11 international organization to reimburse the United States  
12 Government for compensation, travel expenses, and  
13 allowances, or any part thereof, payable to the officer  
14 or employee concerned during the period of assignment  
15 or detail; and such reimbursements (including foreign  
16 currencies) shall be credited to the appropriation, fund,  
17 or account utilized for paying such compensation, travel  
18 expenses, or allowances, or to the appropriation, fund,  
19 or account currently available for such purposes;

20 (3) upon an advance of funds, property, or services  
21 by the foreign government or international organization  
22 to the United States Government accepted with the  
23 approval of the President for specified uses in furtherance  
24 of the purposes of this Act; and funds so advanced may

1        be established as a separate fund in the Treasury of the  
2        United States Government, to be available for the speci-  
3        fied uses, and to be used for reimbursement of appropria-  
4        tions or direct expenditure subject to the provisions of  
5        this Act, any unexpended balance of such account to be  
6        returned to the foreign government or international  
7        organization; or

8            (4) subject to the receipt by the United States  
9        Government of a credit to be applied against the pay-  
10       ment by the United States Government of its share of  
11       the expenses of the international organization to which  
12       the officer or employee is detailed or assigned, such credit  
13       to be based upon the compensation, travel expenses, and  
14       allowances, or any part thereof, payable to such officer  
15       or employee during the period of detail or assignment  
16       in accordance with section 627.

17       SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The  
18       President may maintain special missions or staffs outside  
19       the United States in such countries and for such periods  
20       of time as may be necessary to carry out the purposes of this  
21       Act. Each such special mission or staff shall be under the  
22       direction of a chief.

23            (b) The chief and his deputy of each special mission  
24       or staff carrying out the purposes of part I shall be appointed  
25       by the President, and may, notwithstanding any other law,

1 be removed by the President at his discretion. Such chief  
2 shall be entitled to receive (1) in cases approved by the  
3 President, the same compensation and allowances as a chief  
4 of mission, class 3, or a chief of mission, class 4, within the  
5 meaning of the Foreign Service Act of 1946, as amended, or  
6 (2) compensation and allowances in accordance with sec-  
7 tion 623 (d), as the President shall determine to be appro-  
8 priate.

9       SEC. 630. ALLOCATION AND REIMBURSEMENT AMONG  
10 AGENCIES.—(a) The President may allocate or transfer to  
11 any agency of the United States Government any part of any  
12 funds available for carrying out the purposes of this Act, in-  
13 cluding any advance to the United States Government by  
14 any country or international organization for the procure-  
15 ment of commodities, defense articles, or services (including  
16 defense services). Such funds shall be available for obliga-  
17 tion and expenditure for the purposes for which authorized,  
18 in accordance with authority granted in this Act or under  
19 authority governing the activities of the agencies of the  
20 United States Government to which such funds are allocated  
21 or transferred.

22       (b) Any officer of the United States Government carry-  
23 ing out functions under this Act may utilize the services (in-  
24 cluding defense services) and facilities of, or procure com-  
25 modities and defense articles from, any agency of the United



1 States Government as the President shall direct, or with the  
2 consent of the head of such agency, and funds allocated pur-  
3 suant to this subsection to any such agency may be estab-  
4 lished in separate appropriation accounts on the books of  
5 the Treasury.

6 (c) In the case of any commodity, service, or facility  
7 procured from any agency of the United States Government  
8 to carry out part I, reimbursement or payment shall be made  
9 to such agency from funds available to carry out such part.  
10 Such reimbursement or payment shall be at replacement cost,  
11 or, if required by law, at actual cost, or at any other price  
12 authorized by law and agreed to by the owning or disposing  
13 agency. The amount of any such reimbursement or pay-  
14 ment shall be credited to current applicable appropriations,  
15 funds, or accounts, from which there may be procured re-  
16 placements of similar commodities, services, or facilities,  
17 except that where such appropriations, funds, or accounts are  
18 not reimbursable except by reason of this subsection, and  
19 when the owning or disposing agency determines that such  
20 replacement is not necessary, any funds received in payment  
21 therefor shall be deposited into the Treasury as miscellaneous  
22 receipts.

23 (d) Except as otherwise provided in sections 507 and  
24 510, reimbursement shall be made to any United States  
25 Government agency, from funds available for use under

1 part II, for any assistance furnished under part II from,  
2 by, or through such agency. Such reimbursement shall be  
3 in an amount equal to the value (as defined in section  
4 644(m)) of the defense articles or of the defense services  
5 (other than salaries of members of the Armed Forces of  
6 the United States), or other assistance furnished, plus ex-  
7 penses arising from or incident to operations under part II.  
8 The amount of such reimbursement shall be credited to the  
9 current applicable appropriations, funds, or accounts of such  
10 agency.

11 (e) In furnishing assistance under this Act, accounts  
12 may be established on the books of any agency of the United  
13 States Government or, on terms and conditions approved by  
14 the Secretary of the Treasury, in banking institutions in the  
15 United States, (i) against which letters of commitment may  
16 be issued which shall constitute recordable obligations of the  
17 United States Government, and moneys due or to become  
18 due under such letters of commitment shall be assignable  
19 under the Assignment of Claims Act of 1940, as amended  
20 (second and third paragraphs of 31 U.S.C. 203 and 41  
21 U.S.C. 15), and (ii) from which disbursements may be  
22 made to, or withdrawals may be made by, recipient coun-  
23 tries or agencies, organizations, or persons upon presentation  
24 of contracts, invoices, or other appropriate documentation.  
25 Expenditure of funds which have been made available

1 through accounts so established shall be accounted for on  
2 standard documentation required for expenditure of funds of  
3 the United States Government: *Provided*, That such ex-  
4 penditures for commodities, defense articles, services (includ-  
5 ing defense services), or facilities procured outside the  
6 United States may be accounted for exclusively on such  
7 certification as may be prescribed in regulations approved  
8 by the Comptroller General of the United States.

9 (f) Credits made by the Export-Import Bank of Wash-  
10 ington with funds allocated thereto under subsection (a) of  
11 this section or under section 522 (a) of the Mutual Security  
12 Act of 1954, as amended, shall not be considered in deter-  
13 mining whether the Bank has outstanding at any one time  
14 loans and guaranties to the extent of the limitation imposed  
15 by section 7 of the Export-Import Bank Act of 1945, as  
16 amended (12 U.S.C. 635e).

17 (g) Any appropriation or account available to carry  
18 out provisions of part I may initially be charged in any fiscal  
19 year, within the limit of available funds, to finance expenses  
20 for which funds are available in other appropriations or ac-  
21 counts under part I: *Provided*, That as of the end of such  
22 fiscal year such expenses shall be finally charged to ap-  
23 plicable appropriations or accounts with proper credit to the  
24 appropriations or accounts initially utilized for financing pur-  
25 poses: *Provided further*, That such final charge to applicable



1 appropriations or accounts shall not be required in the case  
2 of expenses (other than those provided for under section  
3 635) incurred in furnishing assistance by the agency prima-  
4 rily responsible for administering part I where it is deter-  
5 mined that the accounting costs of identifying the applicable  
6 appropriation or account to which such expenses should be  
7 charged would be disproportionate to the advantages to be  
8 gained.

9       SEC. 631. WAIVERS OF CERTAIN LAWS.—(a) When-  
10 ever the President determines it to be in furtherance of the  
11 purposes of this Act, the functions authorized under this  
12 Act may be performed without regard to such provisions of  
13 law (other than the Renegotiation Act of 1951 as amended  
14 (50 U.S.C. App. 1211 et seq.)), regulating the making,  
15 performance, amendment, or modification of contracts and  
16 the expenditure of funds of the United States Government  
17 as the President may specify.

18       (b) The functions authorized under part II may be  
19 performed without regard to such provisions as the President  
20 may specify of the joint resolution of November 4, 1939  
21 (54 Stat. 4), as amended.

22       (c) Notwithstanding the provisions of sections 3544 (b)  
23 and 8544 (b) of title 10 of the United States Code, per-  
24 sonnel of the Department of Defense may be assigned or de-  
25 tailed to any civil office to carry out this Act.

1        SEC. 632. REPORTS AND INFORMATION.—(a) The  
2 President shall, while funds made available for the purposes  
3 of this Act remain available for obligation, transmit to the  
4 Congress after the close of each fiscal year a report concern-  
5 ing operations in that fiscal year under this Act.

6        (b) The President shall, in the reports required by sub-  
7 section (a) of this section, and in response to requests from  
8 Members of the Congress or inquiries from the public, make  
9 public all information concerning operations under this Act  
10 not deemed by him to be incompatible with the security of  
11 the United States.

12        (c) None of the funds made available pursuant to the  
13 provisions of this Act shall be used to carry out any provision  
14 of this Act in any country or with respect to any project or  
15 activity, after the expiration of the thirty-five day period  
16 which begins on the date the General Accounting Office or  
17 any committee of the Congress, or any duly authorized sub-  
18 committee thereof, charged with considering legislation, ap-  
19 propriations, or expenditures under this Act, has delivered  
20 to the office of the head of any agency carrying out such  
21 provision, a written request that it be furnished any docu-  
22 ment, paper, communication, audit, review, finding, recom-  
23 mendation, report, or other material in its custody or control  
24 relating to the administration of such provision in such coun-  
25 try or with respect to such project or activity, unless and

1 until there has been furnished to the General Accounting  
2 Office, or to such committee or subcommittee, as the case  
3 may be, (1) the document, paper, communication, audit,  
4 review, finding, recommendation, report, or other material  
5 so requested, or (2) a certification by the President that  
6 he has forbidden the furnishing thereof pursuant to such re-  
7 quest and his reason for so doing.

8 (d) In January and July of each year, the Presi-  
9 dent shall notify the appropriate committees of the  
10 Congress of all actions taken during the preceding six  
11 months under this Act which resulted in furnishing as-  
12 sistance of a kind, for a purpose, or to an area, substan-  
13 tially different from that included in the presentation to the  
14 Congress during its consideration of this Act or any Act ap-  
15 propriating funds pursuant to authorizations contained in this  
16 Act, or which resulted in obligations or reservations greater  
17 by 50 per centum or more than the proposed obligations or  
18 reservations included in such presentation for the program  
19 concerned, and in his notification the President shall state  
20 the justification for such changes. In addition, the President  
21 shall promptly notify the appropriate committees of the  
22 Congress of any determination under sections 303, 609,  
23 612 (a), or 612 (b).

24 (e) All documents, papers, communications, audits, re-  
25 views, findings, recommendations, reports and other ma-



1 terial which relate to the operations or activities of any  
2 agency of the United States Government administering part  
3 I or part II shall be furnished to the General Accounting  
4 Office and to any committee of the Congress, or any duly  
5 authorized subcommittee thereof, charged with considering  
6 legislation or appropriation for, or expenditures of, such  
7 agency, upon request of the General Accounting Office or  
8 such committee or subcommittee as the case may be.

9       SEC. 633. GENERAL AUTHORITIES.—(a) Except as  
10 otherwise specifically provided in this Act, assistance under  
11 this Act may be furnished on a grant basis or on such terms,  
12 including cash, credit, or other terms of repayment (includ-  
13 ing repayment in foreign currencies or by transfer to the  
14 United States Government of commodities) as may be de-  
15 termined to be best suited to the achievement of the purposes  
16 of this Act.

17       (b) Except as otherwise specifically provided in this  
18 Act, the President may make loans, advances, and grants to,  
19 make and perform agreements and contracts with, or enter  
20 into other transactions with, any individual, corporation, or  
21 other body of persons, friendly government or government  
22 agency, whether within or without the United States, and  
23 international organizations in furtherance of the purposes  
24 and within the limitations of this Act.

25       (c) It is the sense of Congress that the President, in

1 furthering the purposes of this Act, shall use to the maxi-  
2 mum extent practicable the services and facilities of volun-  
3 tary, nonprofit organizations registered with, and approved  
4 by, the Advisory Committee on Voluntary Foreign Aid.

5 (d) The President may accept and use in furtherance of  
6 the purposes of this Act money, funds, property, and services  
7 of any kind made available by gift, devise, bequest, grant,  
8 or otherwise for such purpose.

9 (e) Any agency of the United States Government is  
10 authorized to pay the cost of health and accident insurance  
11 for foreign participants in any program of furnishing tech-  
12 nical information and assistance administered by such  
13 agency while such participants are absent from their homes  
14 for the purpose of participation in such program.

15 (f) Alien participants in any program of furnishing  
16 technical information and assistance under this Act may be  
17 admitted to the United States if otherwise qualified as non-  
18 immigrants under section 101 (a) (15) of the Immigration  
19 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15) ),  
20 for such time and under such conditions as may be prescribed  
21 by regulations promulgated by the Secretary of State and the  
22 Attorney General.

23 (g) In making loans under this Act, the President—

24 (1) may issue letters of credit and letters of com-  
25 mitment;

1           (2) may collect or compromise any obligations  
2 assigned to, or held by, and any legal or equitable rights  
3 accruing to, him, and, as he may determine, refer  
4 any such obligations or rights to the Attorney General  
5 for suit or collection;

6           (3) may acquire and dispose of, upon such terms  
7 and conditions as he may determine, any property,  
8 including any instrument evidencing indebtedness or  
9 ownership, and guarantee payment against any such  
10 instrument;

11           (4) may determine the character of, and necessity  
12 for, obligations and expenditures of funds used in mak-  
13 ing such loans and the manner in which they shall be  
14 incurred, allowed, and paid, subject to provisions of  
15 law specifically applicable to corporations of the United  
16 States Government; and

17           (5) shall cause to be maintained an integral set of  
18 accounts which shall be audited by the General Account-  
19 ing Office in accordance with principles and procedures  
20 applicable to commercial corporate transactions as pro-  
21 vided by the Government Corporation Control Act, as  
22 amended (31 U.S.C. 841 et seq.).

23           (h) A contract or agreement which entails commit-  
24 ments for the expenditure of funds made available under  
25 titles II and V of chapter 2 of part I and under part II may,



1 subject to any future action of the Congress, extend at any  
2 time for not more than five years.

3 (i) Claims arising as a result of operations under this  
4 Act may be settled, and disputes arising as a result thereof  
5 may be arbitrated, on such terms and conditions as the Pres-  
6 ident may direct. Payment made pursuant to any such set-  
7 tlement, or as a result of an arbitration award, shall be final  
8 and conclusive notwithstanding any other provision of law.

9 (j) The provisions of section 955 of title 18 of the  
10 United States Code shall not apply to prevent any person,  
11 including any individual, partnership, corporation, or associa-  
12 tion, from acting for, or participating in, any operation or  
13 transaction arising under this Act, or from acquiring any  
14 obligation issued in connection with any operation or trans-  
15 action arising under this Act.

16 SEC. 634. PROVISIONS ON USES OF FUNDS.—(a)  
17 Appropriations for the purposes of or pursuant to this  
18 Act (except for part II), allocations to any agency of  
19 the United States Government, from other appropriations,  
20 for functions directly related to the purposes of this Act, and  
21 funds made available for other purposes to the agency pri-  
22 marily responsible for administering part I, shall be available  
23 for—

24 (1) rent of buildings and space in buildings in the

1 United States, and for repair, alteration, and improve-  
2 ment of such leased properties;

3 (2) entertainment (not to exceed \$25,000 in any  
4 fiscal year except as may otherwise be provided in an  
5 appropriation or other Act) ;

6 (3) insurance of official motor vehicles or aircraft  
7 acquired for use in foreign countries;

8 (4) rent or lease outside the United States of  
9 offices, buildings, grounds, and quarters, including living  
10 quarters to house personnel, and payments therefor in  
11 advance for longer than one year; maintenance,  
12 furnishings, necessary repairs, improvements, and alter-  
13 ations to properties owned or rented by the United  
14 States Government or made available for use to the  
15 United States Government outside the United States;  
16 and costs of fuel, water, and utilities for such properties;

17 (5) expenses in connection with travel of per-  
18 sonnel outside the United States, including travel ex-  
19 penses of dependents (including expenses during neces-  
20 sary stopovers while engaged in such travel) , and trans-  
21 portation of personal effects, household goods, and  
22 automobiles of such personnel when any part of such  
23 travel or transportation begins in one fiscal year pur-  
24 suant to travel orders issued in that fiscal year, notwith-  
25 standing the fact that such travel or transportation may

1 not be completed during the same fiscal year, and cost  
2 of transporting automobiles to and from a place of  
3 storage, and the cost of storing automobiles of such  
4 personnel when it is in the public interest or more  
5 economical to authorize storage.

6 (b) Not to exceed \$1,500,000 of the funds available for  
7 assistance under this Act (other than title I of chapter 2 of  
8 part I) may be used in any fiscal year to provide assistance,  
9 on such terms and conditions as are deemed appropriate, to  
10 schools established, or to be established, outside the United  
11 States whenever it is determined that such action would be  
12 more economical or would best serve the interests of the  
13 United States in providing for the education of dependents  
14 of personnel carrying out activities authorized by this Act  
15 and dependents of United States Government personnel.

16 (c) Funds made available under section 212 may be  
17 used for expenses (other than those provided for under sec-  
18 tion 635) to assist in carrying out functions under title I of  
19 chapter 2 of part I, under the Agricultural Trade Develop-  
20 ment and Assistance Act of 1954, as amended (7 U.S.C.  
21 1691 et seq.), and under the Act to Provide for Assistance  
22 in the Development of Latin America and in the Recon-  
23 struction of Chile, and for other purposes (22 U.S.C. 1942  
24 et seq.) performed by the agency primarily responsible for  
25 administering part I.



1       (d) Funds made available for the purposes of part II  
2 shall be available for—

3           (1) administrative, extraordinary, and operating  
4 expenses; and

5           (2) reimbursement of actual expenses of military  
6 officers detailed or assigned as tour directors in connec-  
7 tion with orientation visits of foreign military personnel,  
8 in accordance with the provisions of section 3 of the  
9 Travel Expense Act of 1949, as amended (5 U.S.C.  
10 836), applicable to civilian officers and employees.

11       (e) Passenger motor vehicles, other than one such  
12 vehicle for the official use (without regard to the limitations  
13 contained in section 5 of Public Law 63-127, as amended  
14 (5 U.S.C. 78 (c) (2)) and section 201 of Public Law 85-  
15 468 (5 U.S.C. 78a-1) of the head of the agency primarily  
16 responsible for administering part I, may be purchased for  
17 use in the United States only as may be specifically provided  
18 in an appropriation or other Act.

19       SEC. 635. ADMINISTRATIVE EXPENSES.—There is here-  
20 by authorized to be appropriated to the President for the  
21 fiscal year 1962 not to exceed \$49,000,000 for necessary  
22 administrative expenses of the agency primarily responsible  
23 for administering part I.

## CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 402, 405 (a), 405 (c), 405 (d), 408, 411 (d), 414, 417, 502 (a), 502 (b), 523 (d), 536, 537 (a) (2), (3), (4), (5), (7), (8), (11), (12), (13), (14), (15), (16), and 537 (e) );

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501 (a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

1           (8) section 604 and chapter VIII of the Mutual  
2       Security Act of 1960.

3       (b) References in law to the Acts, or provisions of such  
4       Acts, repealed by subsection (a) of this section shall here-  
5       after be deemed to be references to this Act or appropriate  
6       provisions of this Act.

7       (c) The repeal of the Acts listed in subsection (a) of  
8       this section shall not be deemed to affect amendments con-  
9       tained in such Acts to Acts not named in that subsection.

10       SEC. 643. SAVING PROVISIONS.—(a) Except as may  
11       be expressly provided to the contrary in this Act, all de-  
12       terminations, authorizations, regulations, orders, contracts,  
13       agreements, and other actions issued, undertaken, or entered  
14       into under authority of any provision of law repealed by sec-  
15       tion 642 (a) shall continue in full force and effect until modi-  
16       fied by appropriate authority.

17       (b) Wherever provisions of this Act establish conditions  
18       which must be complied with before use may be made of au-  
19       thority contained in, or funds authorized by, this Act, com-  
20       pliance with, or satisfaction of, substantially similar condi-  
21       tions under Acts listed in section 642 (a) or Acts repealed  
22       by those Acts shall be deemed to constitute compliance with  
23       the conditions established by this Act.

24       (c) Funds made available pursuant to provisions of  
25       law repealed by section 642 (a) (2) shall, unless otherwise



1 authorized or provided by law, remain available for their  
2 original purposes in accordance with the provisions of law  
3 originally applicable thereto, or in accordance with the pro-  
4 visions of law currently applicable to those purposes.

5 (d) No provision of this Act shall affect, or be deemed  
6 to affect, except as the President may determine, the agency  
7 within the Department of State known as the Peace Corps,  
8 nor any of the functions, offices, personnel, property, records,  
9 and funds available thereto on the date prior to the effective  
10 date of this Act, pending the enactment of legislation for the  
11 Peace Corps or the adjournment of the first session of the  
12 Eighty-seventh Congress, whichever is earlier.

13 SEC. 644. DEFINITIONS.—As used in this Act—

14 (a) “Agency of the United States Government” in-  
15 cludes any agency, department, board, wholly or partly  
16 owned corporation, instrumentality, commission, or estab-  
17 lishment of the United States Government.

18 (b) “Armed Forces” of the United States means the  
19 Army, Navy, Air Force, Marine Corps, and Coast Guard.

20 (c) “Commodity” includes any material, article, sup-  
21 ply, goods, or equipment used for the purposes of furnish-  
22 ing nonmilitary assistance.

23 (d) “Defense article” includes—

24 (1) any weapon, weapons system, munition, air-  
25 craft, vessel, boat, or other implement of war;

1           (2) any property, installation, commodity, mate-  
2           rial, equipment, supply, or goods used for the purposes  
3           of furnishing military assistance;

4           (3) any machinery, facility, tool, material, supply,  
5           or other item necessary for the manufacture, production,  
6           processing, repair, servicing, storage, construction, trans-  
7           portation, operation, or use of any article listed in this  
8           subsection; or

9           (4) any component or part of any article listed in  
10          this subsection; but

11       shall not include merchant vessels or, as defined by the  
12       Atomic Energy Act of 1954, as amended (42 U.S.C.  
13       2011), source material, byproduct material, special nuclear  
14       material, or atomic weapons.

15       (e) "Defense information" includes any document, writ-  
16       ing, sketch, photograph, plan, model, specification, design,  
17       prototype, or other recorded or oral information relating to  
18       any defense article or defense service, but shall not include  
19       Restricted Data and formerly Restricted Data as defined  
20       by the Atomic Energy Act of 1954, as amended.

21       (f) "Defense service" includes any service, test, in-  
22       spection, repair, training, training aid, publication, or tech-  
23       nical or other assistance, including the transfer of limited  
24       quantities of defense articles for test, evaluation, or stand-

1 ardization purposes, or defense information used for the  
2 purposes of furnishing military assistance.

3 (g) "Excess defense articles" mean the quantity of  
4 defense articles owned by the United States Government  
5 which is in excess of the mobilization reserve at the time  
6 such articles are dropped from inventory by the supplying  
7 agency for delivery to nations or international organiza-  
8 tions as grant assistance under this Act.

9 (h) "Function" includes any duty, obligation, power,  
10 authority, responsibility, right, privilege, discretion, or  
11 activity.

12 (i) "Mobilization reserve" means the quantity of de-  
13 fense articles determined to be required, under regulations  
14 prescribed by the President, to support mobilization of the  
15 Armed Forces of the United States Government in the event  
16 of war or national emergency.

17 (j) "Officer or employee" means civilian personnel and  
18 members of the Armed Forces of the United States Govern-  
19 ment.

20 (k) "Services" include any service, repair, training of  
21 personnel, or technical or other assistance or information used  
22 for the purposes of furnishing nonmilitary assistance.

23 (l) "Surplus agricultural commodity" means any agri-  
24 culture commodity or product thereof, class, kind, type, or



1 other specification thereof, produced in the United States,  
2 either publicly or privately owned, which is in excess of  
3 domestic requirements, adequate carryover, and anticipated  
4 exports for United States dollars, as determined by the Sec-  
5 retary of Agriculture.

6 (m) "Value" means—

7 (1) with respect to excess defense articles, the gross  
8 cost incurred by the United States Government in re-  
9 pairing, rehabilitating, or modifying such articles;

10 (2) with respect to nonexcess defense articles deliv-  
11 ered from inventory to nations or international organiza-  
12 tions as grant assistance under this Act, the standard  
13 price in effect at the time such articles are dropped from  
14 inventory by the supplying agency. Such price shall  
15 be the same standard price used for transfers or sales of  
16 such articles in or between the Armed Forces of the  
17 United States Government, or, where such articles are  
18 not transferred or sold in or between the Armed Forces  
19 of the United States, the gross cost to the United States  
20 Government adjusted as appropriate for condition and  
21 market value; and

22 (3) with respect to nonexcess defense articles deliv-  
23 ered from new procurement to nations or international

1 organizations as grant assistance under this Act, the con-  
2 tract or production costs of such articles.

3 Military assistance programs and orders shall be based upon  
4 the best estimates of stock status and prevailing prices; reim-  
5 bursements to the supplying agency shall be made on the  
6 basis of the stock status and prices determined pursuant to  
7 this section. Notwithstanding the foregoing provisions of  
8 this section, the Secretary of Defense may prescribe regula-  
9 tions authorizing reimbursements to the supplying agency  
10 based on negotiated prices for aircraft, vessels, plant equip-  
11 ment, and such other major items as he may specify: *Pro-*  
12 *vided*, That such articles are not excess at the time such  
13 prices are negotiated: *And provided further*, That such  
14 prices are negotiated at the time firm orders are placed with  
15 the supplying agency by the military assistance program.

16 SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-  
17 ances of funds made available pursuant to the Mutual Se-  
18 curity Act of 1954, as amended, are hereby authorized to be  
19 continued available for the general purposes for which ap-  
20 propriated, and may at any time be consolidated, and, in ad-  
21 dition, may be consolidated with appropriations made avail-  
22 able for the same general purposes under the authority of this  
23 Act.

1        SEC. 646. CONSTRUCTION.—If any provision of this  
2    Act or the application of any provision to any circumstances  
3    or persons shall be held invalid, the validity of the remain-  
4    der of this Act and of the applicability of such provision to  
5    other circumstances or persons shall not be affected thereby.

6        SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of para-  
7 mount importance that long-range economic plans take cog-  
8 nizance of the need for a dependable supply of fuels, which  
9 is necessary to orderly and stable development and growth,  
10 and that dependence not be placed upon sources which are  
11 inherently hostile to free countries and the ultimate well-  
12 being of economically underdeveloped countries and which  
13 might exploit such dependence for ultimate political domi-  
14 nation. The agencies of government in the United States  
15 are directed to work with other countries in developing plans  
16 for basing development programs on the use of the large and  
17 stable supply of relatively low cost fuels available in the free  
18 world.

## 19 PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out  
“(other than title II of chapter II thereof)” and substitute  
“or any successor Act (other than a contract financed by  
loans repayable in United States dollars, unless the Secretary



1 of Labor, upon the recommendation of the head of any de-  
2 partment or other agency of the United States, determines  
3 such contract should be covered by this section) ”.

4 (2) In subsection (e) strike out “June 30, 1958, but  
5 not completed on July 24, 1959” and substitute therefor  
6 “but not completed on the date of enactment of any successor  
7 Act to the Mutual Security Act of 1954, as amended”.

8 SEC. 702. In paragraph (4) of section 101 (a) of the  
9 War Hazards Compensation Act, as amended (42 U.S.C.  
10 1701), strike out “(other than title II of chapter II  
11 thereof)” and substitute therefor “or any successor Act  
12 (other than a contract financed by loans repayable in United  
13 States dollars unless the Secretary, upon the recommenda-  
14 tion of the head of any department or agency of the United  
15 States, determines such contract should be covered by this  
16 section) ”.

17 SEC. 703. (a) Section 305 of the Mutual Defense As-  
18 sistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is  
19 amended to read as follows:

20 “SEC. 305. There is hereby authorized to be appropri-  
21 ated to the Department of State such sums as may be neces-  
22 sary from time to time to carry out the objectives of this  
23 Act.”

24 (b) The amendment to section 305 of the Mutual De-  
25 fense Assistance Control Act of 1951 effected by subsection

1 (a) of this section shall not be deemed to affect the repeal  
2 of laws effected by that section prior to such amendment.

3 SEC. 704. Section 104 (e) of the Agricultural Trade  
4 Development and Assistance Act of 1954, as amended (7  
5 U.S.C. 1704 (e) ), is amended by substituting “such agency  
6 as the President shall direct” and “agency” for “the Export-  
7 Import Bank” and “bank”, respectively.

8 SEC. 705. Section 5 of the joint resolution to promote  
9 peace and stability in the Middle East (22 U.S.C. 1964)  
10 is amended by substituting “whenever appropriate” for  
11 “within the months of January and July of each year”.

12 SEC. 706. The Act to provide for assistance in the  
13 development of Latin America and in the reconstruction of  
14 Chile, and for other purposes (22 U.S.C. 1942 et seq.), is  
15 amended by adding a new section 4 reading as follows:

16 “GENERAL PROVISIONS

17 “SEC. 4. (a) Funds appropriated under sections 2 and 3  
18 of this Act may be used for assistance under this Act pur-  
19 suant to such provisions applicable to the furnishing of such  
20 assistance contained in any successor Act to the Mutual Se-  
21 curity Act of 1954, as amended, as the President deter-  
22 mines to be necessary to carry out the purposes for which  
23 such funds are appropriated.

24 “(b) Of the funds appropriated under section 2 of this

1 Act not more than \$800,000 shall be available only for as-  
2 sisting in transporting to and settling in Latin America se-  
3 lected immigrants from that portion of the Ryukyuan Archi-  
4 pelago under United States administration.”

5 SEC. 707. The Foreign Service Act of 1946, as amended  
6 (22 U.S.C. 801 et seq.), is further amended as follows:

7 (1) In the second sentence of section 701, strike “to the  
8 extent that space is available therefor”; substitute “members  
9 of family” for “spouses”; and add before the period “or while  
10 abroad”.

11 (2) Amend section 872 by striking out subsections (b)  
12 and (c) and inserting in lieu thereof the following:

13 “(b) When any such retired officer or employee of the  
14 Service is reemployed, the employer shall send a notice to  
15 the Department of State of such reemployment together with  
16 all pertinent information relating thereto, and shall pay  
17 directly to such officer or employee the salary of the position  
18 in which he is serving.

19 “(c) In the event of any overpayment under this sec-  
20 tion, such overpayment shall be recovered by withholding  
21 the amount involved from the salary payable to such re-  
22 employed officer or employee, or from any other moneys,  
23 including his annuity, payable in accordance with the pro-  
24 visions of this title.”



1       (3) In section 911, add the following new paragraphs  
2       (9) and (10) :

3               “(9) the travel expenses of officers and employees  
4       of the Service who are citizens of the United States, and  
5       members of their families, while serving at posts specifically  
6       designated by the Secretary for purposes of this  
7       paragraph, for rest and recuperation to other locations  
8       abroad having different environmental conditions than  
9       those at the post at which such officers and employees  
10      are serving, provided that such travel expenses shall be  
11      limited to the cost for each officer or employee and  
12      members of his family of one round trip during any continuous  
13      two-year tour unbroken by home leave and two  
14      round trips during any continuous three-year tour un-  
15      broken by home leave;

16              “(10) the travel expenses of members of the family  
17      accompanying, preceding, or following an officer or  
18      employee if, while he is en route to his post of assignment,  
19      he is ordered temporarily for orientation and training  
20      or is given other temporary duty.”

21       (4) Amend section 933 (a) to read as follows:

22              “(a) The Secretary may order to the continental United  
23      States, its territories and possessions, on statutory leave of  
24      absence any officer or employee of the Service who is a citizen  
25      of the United States upon completion of eighteen months’

1 continuous service abroad and shall so order as soon as pos-  
2 sible after completion of three years of such service.”

3 (5) Amend section 942 to read as follows:

4 “SEC. 942. TRAVEL FOR MEDICAL PURPOSES.—In the  
5 event an officer or employee of the Service who is a citi-  
6 zen of the United States or one of his dependents, requires  
7 medical care, for illness or injury not the result of vicious  
8 habits, intemperance or misconduct, while stationed abroad  
9 in a locality where there is no qualified person or facility to  
10 provide such care, the Secretary may, in accordance with  
11 such regulations as he may prescribe, pay the travel expenses  
12 of such person by whatever means he shall deem appropriate,  
13 including the furnishing of transportation, and without re-  
14 gard to the Standardized Government Travel Regulations and  
15 section 10 of the Act of March 3, 1933, as amended (60  
16 Stat. 808; 5 U.S.C. 73b), to the nearest locality where  
17 suitable medical care can be obtained. If any such officer,  
18 employee, or dependent is too ill to travel unattended, or in  
19 the case of a dependent too young to travel alone, the Sec-  
20 retary may also pay the round-trip travel expenses of an  
21 attendant or attendants.”

22 SEC. 708. Section 2 of the Act of July 31, 1945, as  
23 amended (22 U.S.C. 279a), is hereby amended to read as  
24 follows:

25 “SEC. 2 There is hereby authorized to be appropriated,

1 out of any money in the Treasury not otherwise appropriated,  
2 such sums as may be required for expenditure under the  
3 direction of the Secretary of State, for the payment by the  
4 United States of its proportionate share in the expenses of  
5 the Organization: *Provided*, That the percentage contribu-  
6 tion of the United States to the total annual budget of the  
7 Organization shall not exceed 33.33 per centum.”

8 SEC. 709. The first section of the Act entitled “An Act  
9 to authorize participation by the United States in the Inter-  
10 parliamentary Union”, approved June 28, 1935, as amended  
11 (22 U.S.C. 276), is amended by striking out “\$33,000”  
12 and “\$15,000” and inserting in lieu thereof “\$48,000” and  
13 “\$30,000”, respectively.





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# A BILL

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To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

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By Mr. MORGAN

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JULY 31, 1961

Referred to the Committee on Foreign Affairs







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
(For information only;  
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87th-1st, No. 130

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**HIGHLIGHTS:** House committee reported bill for lease and transfer of tobacco acreage allotments. Senate committee voted to report bill to establish Youth Conservation Corps. House committee voted to report foreign aid authorization bill. Sen. Moss urged additional appropriations for FHA water facilities loans. Senate debated Labor-HEW appropriation bill. Sen. Johnston introduced and discussed bill to establish price support program for untied Flue-cured tobacco.

## SENATE

1. **YOUTH CONSERVATION CORPS.** The Labor and Public Welfare Committee voted to report (but did not actually report) with amendments S. 404, to establish a Youth Conservation Corps in the Department of Labor. p. D644
2. **LABOR-HEW APPROPRIATION BILL, 1962.** Continued debate on this bill, H. R. 7035 (pp. 13204-16, 13219-29, 13232-45). By a vote of 22 to 67, rejected en bloc a group of amendments by Sen. Proxmire which he stated would "reduce every item in the appropriation bill ... back to the budget estimates. This would save approximately \$297 million." (pp. 13212-16, 13219-29, 13232-34).
3. **DEFENSE DEPARTMENT APPROPRIATION BILL, 1962.** The Appropriations Committee reported with amendments this bill, H. R. 7851 (S. Rept. 653). p. 13191
4. **WATER FACILITIES LOANS.** Sen. Moss urged additional funds for FHA water facilities loans, particularly in Utah, stated that the "amount appropriated for soil



and water conservation loans has gradually decreased each year from \$11,500,000 in 1955 to \$2 million in 1960, notwithstanding the need and demand for assistance and the accumulation of a backlog of applications for loans," and inserted his letter to President Kennedy stating that he felt it imperative before this session of Congress adjourns "that the amount of the funds available in the fiscal year 1962 for Farmers Home Administration soil and water loans be substantially increased. I hope the administration will send a supplemental budget request to the Congress for this purpose of at least \$20 million." pp. 13198-9

5. ELECTRIFICATION. The Commerce Committee voted to report (but did not actually report) S. 1606, to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act. p. D643
6. FORESTRY. Sen. Stennis discussed the importance of forestry research to the development and maintenance of our forest resources and expressed disappointment that more funds were not included in the Interior and related agencies appropriation bill for 1962 for additional forest research. pp. 13200-01
7. APPROPRIATIONS. The report of the Senate Appropriations Committee on H. R. 7445, the independent offices appropriation bill for 1962, includes the following statement regarding appropriations for the Office of Civil and Defense Mobilization: "The committee recommends \$5 million for civil defense and defense mobilization functions of Federal agencies, which is a reduction of \$1,567,000 below the House allowance at the 1961 level and \$3,700,000 below the budget estimate. The committee believes that many of these delegated functions are not required to be continued indefinitely."
8. FOREIGN TRADE. Sen. Aiken inserted a report on the meeting of the Canada-United States Interparliamentary Group held June 8 and 9, 1961, which included a discussion of trade relations between the two countries and a statement that it was necessary for Canada to export 86 percent of its wheat production. pp. 13194-6  
Sen. Javits submitted an amendment intended to be proposed to S. 1729, the proposed Foreign Commerce Act of 1961, which would authorize the use of foreign currencies acquired under Public Law 480 to help finance the costs incurred outside the United States by foreign exhibitors who wish to participate in trade, industrial, agricultural, horticultural, and scientific fairs, expositions, and exhibits in the United States. p. 13250

#### HOUSE

9. FARM PROGRAM. The "Daily Digest" states that "Conferees met in executive session to resolve the differences between the Senate- and House-passed versions of S. 1643, proposed Agricultural Act of 1961, but did not reach final agreement." p. D646
10. TOBACCO. The Agriculture Committee reported with amendment H. R. 1022, to amend the Agricultural Adjustment Act of 1938 to provide for lease and transfer of tobacco acreage allotments (H. Rept. 826). p. 13306
11. FOREIGN AFFAIRS. The Foreign Affairs Committee voted to report (but did not actually report) H. R. 8400, the foreign aid authorization bill. p. D645







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OFFICE OF  
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**HIGHLIGHTS:** Both Houses agreed to the conference report on farm bill. Senate concurred in House amendments on bill to provide CCC feed for livestock in disaster areas. House concurred in Senate amendments on bill to authorize increased per diem travel rates. Rep. May and others commended rural development program. Senate debated Defense Department appropriation bill. Senate subcommittee voted to report State-Justice appropriation bill.

## SENATE

- FARM PROGRAM.** Both Houses agreed to the conference report on S. 1643, the omnibus farm bill (pp. 13502-9, 13538-49). This bill will now be sent to the President. See Digest 131 for a summary of the bill as agreed to.
- LIVESTOCK FEED.** Concurred in the House amendments to S. 2197, to provide that feed owned or controlled by CCC shall be made available at any price not less than 75 percent of the current support price for such feed (or a comparable price if there is no current support price) for assistance in the preservation and maintenance of foundation herds of cattle, sheep, and goats in any area of the U. S. where, because of flood, drought, fire, hurricane, earthquake, storm, disease, insect infestation, or other catastrophe in such areas, the Secretary determines that an emergency exists which warrants such assistance, provided that such feed will be made available only to persons who do not have, and are unable to obtain through normal channels of trade without undue financial hardship, sufficient feed for the livestock. This bill will now be sent to the President. p. 13523



3. DEFENSE DEPARTMENT APPROPRIATION BILL, 1962. Began debate on this bill, H. R. 7851 (pp. 13463-4, 13470-90, 13493-502, 13509-13, 13516, 13521-3). As reported by the Appropriations Committee the bill included an item of \$207,600,000 for civil defense activities, including authorization for the Defense Department, with the approval of the Budget Bureau, to allocate or transfer funds to other Federal agencies to carry out such civil defense activities as may be assigned to them. Agreed to an amendment by Sen. Robertson to strike out language of the bill authorizing the allocation or transfer of civil defense funds to other Federal agencies (pp. 13509-13). Sen. Robertson explained that he had been informed by <sup>the</sup> Parliamentarian that the entire item for civil defense would be subject to a point of order if this language was not stricken from the bill. Pending at adjournment was a proposed amendment by Sen. Mundt to extend for a 3-year period Federal assistance to schools in federally impacted areas (pp. 13516, 13521-3).
4. WATER COMPACT. Passed without amendment S. 2245, to amend the act granting the consent of Congress to the negotiation of certain water compacts by Nebr., Wyo., and S. Dak., in order to extend the time for such negotiations. p. 13490
5. STATE-JUSTICE APPROPRIATION BILL, 1962. A subcommittee of the Appropriations Committee voted to report to the full committee with amendments this bill, H. R. 7371. p. D658.
6. FOREIGN AID. Sen. Humphrey inserted a letter from Robert Sargent Shriver, Jr., Director of the Peace Corps, stating the reasons why he felt that the Peace Corps should be "separate and distinct from our foreign aid program." pp. 13523-4
7. RESEARCH; EDUCATION. Both Houses received from the State Department a proposed bill "to implement the Agreement on the Importation of Educational, Scientific, and Cultural Materials, opened for signature at Lake Success on November 22, 1950"; to S. Finance and H. Ways and Means Committees. pp. 13458, 13602

HOUSE

8. TRAVEL ALLOWANCES. Agreed to the Senate amendments on H. R. 3279, to authorize an increase in the rates of per diem allowance for employees of the Government traveling on official business. This bill will now be sent to the President (pp. 13528-9). See Digest 121 for a summary of the bill as agreed to.
9. FOREIGN AID. The Foreign Affairs Committee was granted until midnight Sat., Aug. 5, to file a report on H. R. 8400, the foreign aid authorization bill. p. 13563  
Rep. Haley criticized H. R. 8400 saying, "I will be forced to oppose the new foreign aid authorization bill on the grounds that it is unconstitutional and that, even if it were a legal exercise of our powers under the Constitution, it is unwise and unsound, wasteful and destructive of this country's very economy." pp. 13593-5
10. APPROPRIATIONS. The conferees were granted until midnight Fri., Aug. 4, to file a conference report on H. R. 7445, the independent offices appropriation bill for 1962. p. 13528  
Both Houses agreed to the conference report, and acted on amendments in disagreement, on H. R. 7208, the legislative branch appropriation bill for 1962. This bill will now be sent to the President. pp. 13490-2, 13529-30







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87th-1st, No. 133

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**HIGHLIGHTS:** Senate began debate on foreign aid authorization bill. Conferees submitted conference report on independent offices appropriation bill. Senate passed Defense Department appropriation bill. Senate committee voted to report Peace Corps bill.

## SENATE

1. **FOREIGN AID.** Began debate on S. 1983, the foreign aid authorization bill (pp. 13640-47, 13660-85). Agreed to the committee amendments en bloc so that the bill as amended could be considered as original text for purposes of amendment (p. 13659). Pending at adjournment was an amendment by Sen. Byrd, Va., to provide that the Development Loan Fund shall be financed by appropriations authorized annually rather than by long-term borrowing authority as provided in the bill (pp. 13659, 13660-85).

Sens. Prouty, Mundt, Saltonstall, and Monroney submitted amendments intended to be proposed to S. 1983. pp. 13614-5

2. **DEFENSE DEPARTMENT APPROPRIATION BILL, 1962.** By a vote of 85 to 0, passed with amendments this bill, H. R. 7851 (pp. 13624-35, 13637-9). Conferees were appointed (p. 13639). By a vote of 37 to 47, <sup>rejected</sup> a motion by Sen. Mundt to suspend the rules for the purpose of proposing an amendment to extend for a 3-year period Federal assistance to schools in federally impacted areas (pp. 13624-33). Rejected an amendment by Sen. Young, O., to strike out the item of \$207,600,000 for the Defense Department for civil defense activities (pp. 13633-5). Rejected an amendment by Sen. Young, O., to reduce the item for civil defense activities from \$207,600,000 to \$100,000,000 (pp. 13637-8).



3. PEACE CORPS. The Foreign Relations Committee voted to report (but did not actually report) with amendments S. 2000, to provide for the establishment of a Peace Corps. p. D664
4. ELECTRIFICATION. The Commerce Committee reported without amendment S. 1606, to authorize the Federal Power Commission to exempt small hydroelectric projects from certain licensing provisions of the Federal Power Act (S. Rept. 664). p. 13608
5. FARM PROGRAM; RESEARCH. Received from the Midwestern Regional Conference of the Council of State Government two resolutions "favoring the establishment of a Midwestern agriculture committee in that council, and favoring a plan for agricultural products utilization." p. 13607
6. WATER POLLUTION. Received from the Okla. Legislature a resolution favoring the establishment of a water pollution research center in that State. pp. 13607-8
7. PERSONNEL; INFLATION. Sen. Bush expressed concern over a report "that there has been a steady increase of 66,844 Federal employees in the last 5 months of the fiscal year," contended that this was inflationary, and inserted a newspaper editorial discussing the dangers of inflation and stating that "It is not true, whatever the Government's economic experts may think, that our economy needs the stimulation of inflation in order to grow." pp. 13618-9
8. ADJOURNED until Mon., Aug. 7. p. 13689

#### HOUSE

9. APPROPRIATIONS. Received (during adjournment of the House) the conference report on H. R. 7445, the independent offices appropriation bill (H. Rept. 850) (pp. 13690-2). This bill includes \$5,000,000 for the Office of Civil and Defense Mobilization for civil defense and defense mobilization functions of Federal agencies, and \$6,000,000 for the President for disaster relief. The Senate amendment providing \$30,000 for publication of the Official Register listing Government officials was deleted by the conferees.

#### ITEMS IN APPENDIX

10. WATER COMPACTS. Extension of remarks of Rep. Toll praising the Delaware River Basin Compact, and saying, "The need for a Delaware River Basin compact has long been a need of the country." p. A6062
11. BUDGETING. Extension of remarks of Sen. Humphrey inserting a statement of David E. Bell, Director of the Budget Bureau, before the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations on long-term budget planning. pp. A6066-7
12. WATER POLLUTION. Extension of remarks of Rep. Morse discussing the pollution of the Merrimack River, the establishment of the Northeast Water Pollution Research Laboratory, and saying, "This would be an important step toward the purification of the waters of the Merrimack and the cleaning up of what has been referred to as one of the biggest open sewers in the country." pp. A6068-9



Mr. SALTONSTALL. The Senator is correct.

The PRESIDING OFFICER. The question is, Shall the bill—H.R. 7851—pass? The yeas and nays have been ordered, and the clerk will call the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Michigan [Mr. HART], the Senator from North Carolina [Mr. JORDAN], the Senator from Missouri [Mr. LONG], the Senator from Massachusetts [Mr. SMITH], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that if present and voting the Senator from New Mexico [Mr. ANDERSON], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Connecticut [Mr. DODD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Michigan [Mr. HART], the Senator from North Carolina [Mr. JORDAN], the Senator from Missouri [Mr. LONG], the Senator from Massachusetts [Mr. SMITH], and the Senator from Alabama [Mr. SPARKMAN] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senators from Kansas [Mr. SCHOEPPPEL and Mr. CARLSON] are absent on official business.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Iowa [Mr. MILLER] and the Senator from Pennsylvania [Mr. SCOTT] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Kansas [Mr. CARLSON], the Senator from Iowa [Mr. MILLER], the Senator from Kansas [Mr. SCHOEPPPEL], and the Senator from Pennsylvania [Mr. SCOTT] would each vote "yea."

The result was announced—yeas 85, nays 0, as follows:

[No. 131]—  
YEAS—85

Aiken	Goldwater	Morse
Allott	Gore	Morton
Bartlett	Gruening	Moss
Beall	Hartke	Mundt
Bennett	Hayden	Muskie
Bible	Hickenlooper	Neuberger
Boggs	Hickey	Pastore
Burdick	Hill	Pell
Bush	Holland	Prouty
Byrd, Va.	Hruska	Proxmire
Byrd, W. Va.	Humphrey	Randolph
Cannon	Jackson	Robertson
Capehart	Javits	Russell
Carroll	Johnston	Saltonstall
Case, N.J.	Keating	Smathers
Case, S. Dak.	Kefauver	Smith, Maine
Church	Kerr	Stennis
Clark	Kuchel	Symington
Cooper	Lausche	Talmadge
Cotton	Long, Hawaii	Thurmond
Curtis	Long, La.	Tower
Dirksen	Magnuson	Wiley
Douglas	Mansfield	Williams, N.J.
Dworshak	McCarthy	Williams, Del.
Ellender	McClellan	Yarborough
Engle	McGee	Young, N. Dak.
Ervin	McNamara	Young, Ohio
Fong	Metcalf	
Fulbright	Monroney	

#### NOT VOTING—15

Anderson	Dodd	Miller
Bridges	Eastland	Schoeppel
Butler	Hart	Scott
Carlson	Jordan	Smith, Mass.
Chavez	Long, Mo.	Sparkman

So the bill (H.R. 7851) was passed.

Mr. ROBERTSON. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. METCALF in the chair) appointed Mr. ROBERTSON, Mr. CHAVEZ, Mr. HAYDEN, Mr. RUSSELL, Mr. BYRD of Virginia, Mr. SALTONSTALL, Mr. BRIDGES, and Mr. YOUNG of North Dakota, conferees on the part of the Senate.

#### DELEGATION OF FUNCTIONS BY FEDERAL COMMUNICATIONS COMMISSION IN ADJUDICATORY CASES

Mr. PASTORE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 2034.

The PRESIDING OFFICER (Mr. METCALF in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions, which was, to strike out all after the enacting clause and insert:

The subsection (c) of section 5 of the Communications Act of 1934, as amended, relating to a "review staff", is hereby repealed.

SEC. 2. Subsection (d) of section 5 of the Communications Act of 1934, as amended, is amended to read as follows:

"(d) (1) When necessary to the proper functioning of the Commission and the prompt and orderly conduct of its business, the Commission may, by published rule or by order, delegate any of its functions (except functions granted to the Commission by this paragraph and by paragraphs (4), (5), and (6) of this subsection) to a panel of commissioners, an individual commissioner, an employee board, or an individual employee, including functions with respect to hearing, determining, ordering, certifying, reporting, or otherwise acting as to any work, business, or matter; except that in delegating review functions to employees in cases of adjudication (as defined in the Administrative Procedure Act), the delegation in any such case may be made only to an employee board consisting of three or more employees referred to in paragraph (8). Any such rule or order may be adopted, amended, or rescinded only by a vote of a majority of the members of the Commission then holding office. Nothing in this paragraph shall authorize the Commission to provide for the conduct, by any person or persons other than persons referred to in clauses (2) and (3) of section 7(a) of the Administrative Procedure Act, of any hearing to which such section 7(a) applies.

"(2) As used in this subsection (d) the term 'order, decision, report, or action' does not include an initial, tentative, or recom-

mended decision to which exceptions may be filed as provided in section 409(b).

"(3) Any order, decision, report, or action made or taken pursuant to any such delegation, unless reviewed as provided in paragraph (4), shall have the same force and effect, and shall be made, evidenced, and enforced in the same manner, as orders, decisions, reports, or other actions of the Commission.

"(4) Any person aggrieved by any such order, decision, report, or action may file on application for review by the Commission within such time and in such manner as the Commission shall prescribe, and every such application shall be passed upon by the Commission: *Provided*, That the Commission, by published rule or by order, may limit the right to file applications under this subsection for review of orders, decisions, reports, or actions of panels of commissioners or employee boards, in cases of adjudication (as defined in the Administrative Procedure Act), to proceedings involving issues of general communications importance. The Commission, on its own initiative, may review in whole or in part, at such time and in such manner as it shall determine, any order, decision, report, or action made or taken pursuant to any delegation under paragraph (1).

"(5) In passing upon applications for review, the Commission may grant, in whole or in part, or deny such applications without specifying any reasons therefor. No such application for review shall rely on questions of fact or law upon which the panel of commissioners, individual commissioner, employee board, or individual employee has been afforded no opportunity to pass.

"(6) If the Commission grants the application for review, it may affirm, modify, or set aside the order, decision, report, or action, or it may order a rehearing upon such order, decision, report, or action in accordance with section 405.

"(7) Unless exercise of the right to file an application for review has been precluded by a rule or order adopted under paragraph (4), the filing of an application for review under this subsection shall be a condition precedent to judicial review of any order, decision, report, or action made or taken pursuant to a delegation under paragraph (1). The time within which a petition for review must be filed in a proceeding to which section 402(a) applies, or within which an appeal must be taken under section 402(b), shall be computed from the date upon which public notice is given of orders disposing of all applications for review filed in any case.

"(8) The persons serving on employee boards to which the Commission, pursuant to paragraph (1), may delegate review functions in cases of adjudication (as defined in the Administrative Procedure Act) shall be well qualified, by reason of their training, experience, and competence, to perform such review functions. Such employees shall be given no other duties and shall be paid compensation at rates commensurate with the difficulty and importance of their duties. Such employees shall not be responsible to, or subject to supervision or direction of, any person engaged in the performance of investigative or prosecuting functions for the Commission or any other agency of the Government.

"(9) The Secretary and seal of the Commission shall be the secretary and seal of each panel of the Commission, each individual commissioner, and each employee board or individual employee exercising functions delegated pursuant to paragraph (1) of this subsection."

SEC. 3. Section 405 of the Communications Act of 1934, as amended, is hereby amended to read as follows:



## "REHEARINGS"

"SEC. 405. After an order, decision, report, or action has been made or taken in any proceeding by the Commission, or by any designated authority within the Commission pursuant to a delegation under section 5(d)(1), any party thereto, or any other person aggrieved or whose interests are adversely affected thereby, may petition for rehearing only to the authority making or taking the order, decision, report, or action; and it shall be lawful for such authority, whether it be the Commission or other authority designated under section 5(d)(1), in its discretion, to grant such a rehearing if sufficient reason therefor be made to appear. A petition for rehearing must be filed within thirty days from the date upon which public notice is given of the order, decision, report, or action complained of. No such application shall excuse any person from complying with or obeying any order, decision, report, or action of the Commission, or operate in any manner to stay or postpone the enforcement thereof, without the special order of the Commission. The filing of a petition for rehearing shall not be a condition precedent to judicial review of any such order, decision, report, or action, except where the party seeking such review (1) was not a party to the proceedings resulting in such order, decision, report, or action, or (2) relies on questions of fact or law upon which the Commission, or designated authority within the Commission, has been afforded no opportunity to pass. The Commission, or designated authority within the Commission, shall enter an order, with a concise statement of the reasons therefor, denying a petition for rehearing or granting such petition, in whole or in part, and ordering such further proceedings as may be appropriate: *Provided*, That in any case where such petition relates to an instrument of authorization granted without a hearing, the Commission shall take such action within ninety days of the filing of such petition. Rehearings shall be governed by such general rules as the Commission may establish, except that no evidence other than newly discovered evidence, evidence which has become available only since the original taking of evidence, or evidence which the Commission or designated authority within the Commission believes should have been taken in the original proceeding shall be taken on any rehearing. The time within which a petition for review must be filed in a proceeding to which section 402(a) applies, or within which an appeal must be taken under section 402(b) in any case, shall be computed from the date upon which public notice is given of orders disposing of all petitions for rehearing filed with the Commission in such proceeding or case, but any order, decision, report, or action made or taken after such rehearing reversing, changing, or modifying the original order shall be subject to the same provisions with respect to rehearing as an original order."

SEC. 4. Section 409 (a), (b), (c), and (d) of the Communications Act of 1934, as amended, are amended to read as follows:

"(a) In every case of adjudication (as defined in the Administrative Procedure Act) which has been designated by the Commission for hearing, the person or persons conducting the hearing shall prepare and file an initial, tentative, or recommended decision, except where such person or persons become unavailable to the Commission or where the Commission finds upon the record that due and timely execution of its functions imperatively and unavoidably require that the record be certified to the Commission for initial or final decision.

"(b) In every case of adjudication (as defined in the Administrative Procedure Act) which has been designated by the Commission for hearing, any party to the proceeding shall be permitted to file exceptions and

memoranda in support thereof to the initial tentative, or recommended decision, which shall be passed upon by the Commission or by the authority within the Commission, if any, to whom the function of passing upon the exceptions is delegated under sections (d)(1).

"(c)(1) In any case of adjudication (as defined in the Administrative Procedure Act) which has been designated by the Commission for a hearing, no person who has participated in the presentation or preparations for presentation of such case at the hearing or upon review shall (except to the extent required for the disposition of *ex parte* matters as authorized by law) directly or indirectly make any additional presentation respecting such case to the hearing officer or officers or, upon review, to the Commission or to any authority within the Commission to whom, in such case, review functions have been delegated by the Commission under section 5(d)(1), unless upon notice and opportunity for all parties to participate.

"(2) The provision in subsection (c) of section 5 of the Administrative Procedure Act which states that such subsection shall not apply in determining applications for initial licenses, shall not be applicable hereafter in the case of applications for initial licenses before the Federal Communications Commission.

"(d) To the extent that the foregoing provisions of this section and section 5(d) are in conflict with the provisions of the Administrative Procedure Act, such provisions of this section and section 5(d) shall be held to supersede and modify the provisions of that Act."

SEC. 5. Notwithstanding the foregoing provisions of this Act, the second sentence of subsection (b) of section 409 of the Communications Act of 1934 (which relates to the filing of exceptions and the presentation of oral argument), as in force at the time of the enactment of this Act, shall continue to be applicable with respect to any case of adjudication (as defined in the Administrative Procedure Act) designated by the Federal Communications Commission for hearing by a notice of hearing issued prior to the date of the enactment of this Act.

Mr. PASTORE. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. PASTORE, Mr. THURMOND, Mr. MCGEE, Mr. CASE of New Jersey, and Mr. COTTON conferees on the part of the Senate.

## FOREIGN ASSISTANCE ACT OF 1961

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 584, S. 1983.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill,

which had been reported from the Committee on Foreign Relations, with amendments, on page 2, line 21, after the word "nations", to insert "freedom of the press, information, and religion,"; in line 25, after the word "religion", to insert "In the administration of all parts of this Act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties."; on page 3, line 7, after the word "available," to insert "upon request,"; on page 4, line 19, after the word "Development", to strike out "Loans" and insert "Loan Fund"; after line 19, to insert a new section, as follows:

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

At the beginning of line 24, to strike out "Sec. 201. General Authority. (a)" and insert "(b)"; in line 25, after the word "loans", to strike out "repayable" and insert "payable as to principal and interest"; on page 5, line 16, after the word "objectives", to strike out "and"; in line 19, after the word "clear", to strike out "willingness" and insert "determination"; in line 20, after the word "measures", to insert "and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved."; at the beginning of line 25, to strike out "(b)" and insert "(c)"; on page 6, line 2, after the word "section", to strike out "613(a)" and insert "614 (a)"; in line 9, after the word "be", to strike out "\$900,000,000" and insert "\$1,187,000,000"; in line 11, after the word "be", to strike out "\$1,600,000,000" and insert "\$1,900,000,000"; after line 24, to strike out:

(b) United States dollars which are derived directly or indirectly on or after the effective date of this Act from payment of obligations under which the United States Government may require payment exclusively in United States dollars and which were created under (1) an Act to promote the defense of the United States as amended (22 U.S.C. 411 et seq.), (2) the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1622 et seq.), (3) Public Law 79-569 (22 U.S.C. 2861, 286m), (4) the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1501 et seq.), (5) the German and Japanese Government and relief in occupied areas programs, and (6) loans under the Mutual Security Act of 1954, as amended (22 U.S.C. 1750 et seq.) (other than military assistance), shall be available for use for purposes of this title, notwithstanding the provisions of any other Act referred to in this subsection. In the case of any such payments which, were it not for the provisions of this subsection, would have been used to retire notes or obligations issued to finance the activity from which the payments were derived, the President shall assume such notes or obligations, together with any interest accrued and unpaid thereon, in an amount equivalent to such payments.

On page 7, at the beginning of line 22, to strike out "(c)" and insert "(b)"; in line 23, after the word "the", to in-



sert "corporate entity known as the"; in line 24, after the word "Fund", to insert "established by section 202 (a) of the Mutual Security Act of 1954, as amended"; on page 8, line 1, after the word "unobligated", to insert "and not committed for loans repayable in foreign currencies"; at the beginning of line 3, to strike out "the" and insert "such"; in line 5, after the word "Provisions", to strike out "(a) All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended."; at the beginning of line 11, to strike out "(b)" and insert "(a)"; in line 17, after the word "available", to strike out "pursuant to this part for the purposes of" and insert "for"; at the beginning of line 19, to strike out "(c)" and insert "(b)"; on page 9, line 6, after the word "section", to strike out "201 (a)" and insert "201 (b)"; in line 10, after the word "Committee", to insert "(a)"; in line 17, after the word "States", to insert "Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate."; after line 21, to insert:

(b) There shall be within the agency primarily responsible for administering this part an Office of the Development Loan Fund. Such Office shall provide staff assistance to the Development Loan Committee established by subsection (a) of this section and shall perform such other functions under this part as the President shall prescribe.

On page 10, line 4, after the word "Grants", to insert "And Technical Cooperation"; in line 6, after the word "Authority", to insert "(a)"; at the beginning of line 11, to insert "through such means as programs of technical cooperation"; in line 23, after the word "measures", to insert "and to pay a fair share of the cost of programs under this title"; after line 24, to insert:

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

On page 11, line 13, after "Sec. 213.", to insert "(a)"; after line 18, to insert:

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

On page 12, line 8, after the word "any", to strike out "Act for" and insert "Act, for"; in line 14, after "Sec. 215.", to insert "(a)"; at the top of page 13, to insert:

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such ship-

ments from the port of entry of the receiving country to the designated shipping point of the consignee.

In line 17, after the word "program", to strike out "Each such" and insert "The guaranty program authorized by this title shall be administered under broad criteria, and each"; in line 20, after the word "President", to strike out "and by the government concerned"; in line 23, after the word "associations", to strike out "in which the majority beneficial interest is held" and insert "created under the law of the United States or of any State or territory and substantially beneficially owned"; on page 14, line 16, after the word "war", to strike out the comma and "revolution, insurrection, or civil strife accompanying war, revolution, or insurrection, or due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project"; on page 15, line 3, after the word "loss" to strike out "in whole or in part of a loan investment due to nonpayment for any reason, or assuring against loss in whole or in part of any other form of investment due to such risks as the President may determine, upon such terms and conditions as the President may determine" and, in lieu thereof, to insert "of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: *Provided further*, That no guaranty of an equity investment issued under this paragraph (2) shall assure against loss resulting from fraud or misconduct in the management of the enterprise, or from normally insurable risks"; in line 23, after the word "the", to strike out "value" and insert "dollar value, as of the date of the investment"; on page 16, line 19, after the word "collected", to insert "in connection with guaranties issued"; in line 20, after the word "section", to strike out "all fees heretofore collected"; on page 17, line 4, after the word "amended", to strike out "and all reserves maintained for any guaranties heretofore issued pursuant to section 202 (b) of the Mutual Security Act of 1954, as amended"; in line 17, after the word "fees", to strike out "and reserves"; on page 18, line 9, after the word "of", to insert "funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of"; in line 12, after the word "fees", to strike out "and reserves"; in line 13, after the word "fees", to strike out "and reserves"; in line 21, after the word "all", to strike out "guaranties issued after June 30, 1956, shall, and all"; in line 23, after the word "guaranties", to strike out "may, be considered" and insert "and all guaranties issued under section 202 (b) of the Mutual Security Act of 1954,

as amended, may be considered, and all other guaranties shall be considered"; on page 19, line 15, after "1956", to insert "and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended"; in line 19, after the word "any", to strike out "subsequent guaranty" and insert "other guaranties"; in line 22, after the word "liabilities", to insert "or to meet management and custodial costs incurred with respect to assets acquired"; on page 20, line 8, after the word "fees", to strike out "collected under" and insert "collected, under"; after line 10, to strike out:

(f) The guaranty program authorized by this title shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed countries and areas.

In line 18, after the word "techniques", to strike out "by any person"; on page 21, line 2, after "(a)", to strike out "In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than in extractive industries, in less developed countries and areas, the President is authorized to participate in the financing of such surveys, on such terms and conditions as he may determine, but not in excess of fifty per centum of the total cost of each survey. Such surveys shall be approved by the President and the government concerned." and, in lieu thereof, to insert "In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President."; on page 22, line 10, to strike out "expended," and insert "expended."; in line 14, after the word "association", to strike out "in which the majority beneficial interest is held" and insert "created under the law of the United States or of any State or territory and substantially beneficially owned"; after line 17, to strike out:

(b) the term "extractive industries" means any business undertaking which involves only ascertaining the existence, location, extent, or quality of any deposit or pool of ore, oil, gas, or other mineral, or extracting and exporting the same, or both.

And, in lieu thereof, to insert:

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

On page 23, line 8, after the word "to", to insert "use fund made available for this part to"; after line 14, to strike out:



SEC. 242. AUTHORIZATION. There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$20,000,000, which shall remain available until expended.

On page 24, line 18, after the word "Authorization", to insert "(a)"; in line 22, after the word "exceed", to strike out "\$153,000,000" and insert "\$153,500,000"; after line 23, to insert:

(b) Of the funds appropriated under this section, in the fiscal year 1962 the following amounts may be used for the following respective purposes pursuant to section 301:

(1) Not to exceed \$40,000,000 for contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund.

(2) Not to exceed \$12,000,000 for contributions to the United Nations Children's Fund.

(3) Not to exceed \$13,350,000 for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

(4) Not to exceed \$62,000,000 for contributions to the programs of the United Nations in the Congo.

(5) Not to exceed \$1,800,000 for contributions to the budget of the United Nations Emergency Force.

(6) Not to exceed \$3,400,000 for contributions to the malaria eradication, water supply, and medical research programs of the World Health Organization.

(7) Not to exceed \$750,000 for contributions to the International Atomic Energy Agency.

(8) Not to exceed \$16,900,000 for contributions to the Indus Waters Development Fund.

(9) Not to exceed \$1,800,000 for contributions to the science program of the North Atlantic Treaty Organization.

(10) Not to exceed \$1,500,000 for contributions to the technical cooperation program of the Organization of American States.

(c) The monetary limitations in subsection (b) of this section shall not apply to the exercise of the authorities in sections 451(a) and 610.

On page 26, line 7, after the word "Development", to strike out "Funds" and insert "in the event that funds"; in line 9, after "part II", to strike out "to be" and insert "are"; in line 15, after the word "Asia", to insert "such funds"; on page 27, line 13, after the word "exceed", to strike out "\$581,000,000" and insert "\$450,000,000"; in line 18, after the word "exceed", to strike out "\$500,000,000" and insert "\$300,000,000"; in line 23, after the word "the", where it appears the second time, to strike out "appropriate committees of the Congress" and insert "Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives"; on page 28, after line 6, to strike out:

SEC. 502. STATEMENT OF POLICY. The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other countries to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external

aggression, including the furnishing of military assistance to countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting countries to maintain internal security, and creating an environment of security and stability in the developing countries essential to their more rapid, social, economic, and political progress. Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

And, in lieu thereof, to insert:

SEC. 502. STATEMENT OF POLICY.—The Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations and through the creation of conditions under which international disputes will be settled by peaceful means. The Congress recognizes that this goal cannot be achieved so long as the world is threatened with aggression by the forces of international communism, and the Congress reaffirms its belief that in these circumstances the security of the United States is strengthened by the security of other free and independent countries. Accordingly, it is the policy of the United States to furnish to such countries, upon request, cooperative military assistance of a kind and in an amount reasonably designed to help them provide for their own security against such aggression and for the security of international organizations of which they may be members. It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

On page 31, after line 12, to strike out:

SEC. 504. AUTHORIZATION.—There is hereby authorized to be appropriated to the President such sums as may be necessary from time to time to carry out the purposes of this part, which sums shall remain available until expended.

And, in lieu thereof, to insert:

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, the sum of \$1,800,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the

United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

On page 32, line 20, after the word "articles", to strike out "or defense services"; in line 21, after the word "country", to insert "on a grant basis"; in line 24, after the word "articles", to strike out "or services"; on page 33, line 3, after the word "transfer", to strike out "or divulge,"; in line 4, after the word "transfer", to strike out "or divulge,"; in line 5, after the word "articles", to strike out "or services, as the case may be,"; in line 7, after the word "articles", to strike out "or services"; at the beginning of line 11, to strike out "or services,"; at the beginning of line 13, to strike out "or services"; in line 17, after the word "such", to strike out "articles and services, other than those acquired by purchase or exchange; and" and insert "articles,"; after line 19, to insert:

(d) it will—

(1) join in promoting international understanding and good will, and maintaining world peace.

(2) take such action as may be mutually agreed upon to eliminate causes of international tension,

(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength, and

(5) take all reasonable measures which may be needed to develop its defense capacities;

On page 34, at the beginning of line 14, to strike out "(d)" and insert "(e)"; in line 17, after the word "articles", to strike out the comma and "other than those acquired by purchase or exchange,"; on page 37, line 5, after the word "exceed", to strike out "\$400,000,000" and insert "\$200,000,000"; after line 16, to insert a new section, as follows:

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$55,000,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for American Republics.

On page 39, line 23, after the word "Business", to insert "(a)"; on page 40, line 13, after the word "articles", to insert "and"; after line 18, to insert:

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States



Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

After line 23, to insert:

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

On page 41, line 6, after the word "transportation", to insert "between foreign countries"; in line 18, after the word "States", to strike out "unless" and insert "only if"; in line 19, after the word "will", to insert "not"; in line 25, after the word "States", to insert "and only if the price of the commodity procured is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment"; on page 42, line 14, after the word "and", to strike out "where, in" and insert "when in"; in line 19, after the word "supply", to strike out "the" and insert "emergency"; on page 44, line 10, after the word "of", to strike out "Claims within" and insert "Claims, within"; on page 46, line 3, after the word "domestic", to strike out "and" and insert "or"; in line 5, after "(40 U.S.C. 471 et seq.)", to strike out "and" and insert "or"; after line 16, to strike out:

SEC. 609. TRANSFER OF STOCKPILE AND OTHER MATERIALS.—(a) Upon request from the agency primarily responsible for administering part I, specified amounts of designated materials in the categories described in paragraphs (1) and (2) below may be transferred to that agency for use pursuant to the provisions of part I without reimbursement (except for costs incident to such transfer, which shall be paid or reimbursed from funds available under part I: *Provided*, That it has been determined in accordance with the laws referred to in paragraphs (1) and (2) below that such amounts are not required for the national security and that their transfer is not inconsistent with the national interest:

(1) materials held for United States Government use or resale pursuant to section 303(a) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093(a)), and

(2) materials held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98 et seq.), and materials held in the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)).

(b) Materials described in subsection (a) of this section may be used to pay in kind costs of providing through normal commercial channels for the refining or processing of other such materials to be transferred under that subsection into a form better suited for use pursuant to the provisions of part I. Such refining or processing may take place either before or after the transfer to the agency primarily responsible for administering part I.

(c) In the case of transfers or other uses pursuant to this section of materials described in paragraph (1) of subsection (a) of this section, notes payable to the Secretary of the Treasury and issued pursuant to section 304(b) of the Defense Production Act

of 1950, as amended (50 U.S.C. app. 2094(b)), which represent the acquisition costs of such materials, shall be canceled.

(d) Materials described in paragraph (2) of subsection (a) of this section shall not be transferred pursuant to this section until sixty days after the submission to the Congress and publication in the Federal Register of a plan of transfer which shall be fixed with due regard for the value of the transfer in furthering the purposes of part I and for the protection of producers, processors, and consumers against serious disruption of their usual markets, and which shall state the amount of materials involved. Such materials shall be transferred only if the Congress shall not have disapproved such plan before the termination of such sixty-day period.

And, in lieu thereof, to insert:

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under part I under arrangements which will result in the accrual of proceeds to the recipient country from the import or sale thereof, the President may require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by the Act of the Congress, be agreed to between such country and the United States Government.

On page 52, at the beginning of line 6, to insert "which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges"; in line 14, after the word "of", to insert "the amounts so reserved and of"; after line 21, to insert a new section, as follows:

SEC. 613. ACCOUNTING, VALUATION, REPORTING, AND AUDITING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for accounting and valuation with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be used by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

(d) The Comptroller General is instructed to audit this first Treasury Department's report as of June 30, 1961, and report to the Congress his findings. Thereafter, the Comptroller General is given discretionary authority to audit subsequent reports.

On page 53, at the beginning of line 25, to change the section number from "613" to "614"; on page 55, at the beginning of line 5, to change the section number from "615" to "616"; at the beginning of line 9, to change the section number from "616" to "617", and in the same line, after the word "Assistance", to insert "(a)"; in line 11, after the word "by", to strike out "Act of the Congress" and insert "concurrent resolution"; after line 16, to insert:

(b) In any case in which the President determines that subsequent to July 24, 1959, a country has nationalized or expropriated the property of any United States citizen, or any corporation, partnership, or other association created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens, and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such citizen, corporation, partnership, or association, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such country until he is satisfied that appropriate steps are being taken.

On page 56, after line 5, to insert a new section, as follows:

SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part 1 of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960.

After line 10, to insert a new section, as follows:

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent, appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

In line 18, after "Chapter 2", to strike out "Administration" and insert "Administrative"; on page 57, line 5, after the word "the", to insert "corporate entity known as the", and in the same line, after the word "Loan", to strike out "Fund," and insert "Fund and"; in line 6, after the word "Cooperation", to strike out "Administration, and the Office of the Inspector General and Comptroller" and insert "administration"; in line 15, after the word "the", where it appears the third time, to insert "corporate



entity known as the"; in line 20, after the word "obligations", to strike out "liabilities" and insert "and liabilities of,"; on page 58, line 2, after the word "agency", to insert "all personnel of the Fund, and"; in line 3, after the word "functions", to strike out "personnel,"; in line 4, after the word "the", to strike out "fund" and insert "Fund", and in the same line, after the word "necessary", to insert "Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund."; in line 9, after the word "Administration", to strike out "and the Office of the Inspector General and Comptroller,"; in line 12, after "part I", to insert "all personnel of such agency, and"; in line 13, after the word "functions", to strike out "personnel,"; in line 14, after the word "agency", to strike out "and office"; after line 15, to insert:

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

On page 59, after line 6, to insert a new section, as follows:

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

On page 60, after line 3, to insert a new section, as follows:

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of aid under part II of this Act, the Secretary of Defense shall have primary responsibility for—

(1) the determination of military end-item requirements;

(2) the procurement of military equipment in a manner which permits its integration with service programs;

(3) the supervision of end-item use by the recipient countries;

(4) the supervision of the training of foreign military personnel;

(5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

At the beginning of line 24, to change the section number from "622" to "624"; on page 61, line 10, after the word "Department", to insert "of whom one shall have, among the duties delegated to him, general supervision over the Development Loan Fund established pursuant to section 201(a)"; in line 17, after the word "Department", to insert "of whom one shall be the head of the Office of the Development Loan Fund established pursuant to section 205(b)"; on page 62, after line 3, to strike out:

(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) may be appointed by the President to a position authorized by subsection (a) of this section without further action by the Senate.

And, in lieu thereof, to insert:

(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

In line 23, after the word "sections", to strike out "205(b), 527(b), and 533A" and insert "205(b) and 527(b)"; on page 63, at the beginning of line 5, to change the section number from "623" to "625"; in line 12, after the word "compensated", to strike out "and" insert "or"; in line 20, after the word "Provided," to strike out "That persons appointed to serve in the agency primarily responsible for administering part I or in the agency responsible for coordinating part I and part II, who have served in such agency prior to appointment to one of the above positions shall be entitled to reinstatement in such agency" and insert "That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement"; on page 64, line 25, after the word "employees", to strike out "of" and insert "by"; on page 66, at the beginning of line 15, to strike out "tion, standards" and insert "tion standards"; in line 20, after the word "law", to insert "but subject to an appropriate administrative

appeal," at the top of page 67, to strike out:

(f) Agreements with foreign countries providing for the use of funds made available under this Act for programs of assistance may include provision for the furnishing of services of personnel employed by the United States Government.

And, in lieu thereof, to insert:

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

After line 9, to insert:

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

After line 15, to insert:

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

At the beginning of line 23, to change the section number from "624" to "626"; on page 70, at the beginning of line 4, to change the section number from "625" to "627"; at the beginning of line 15, to change the section number from "626" to "628"; at the beginning of line 25, to change the section number from "627" to "629"; on page 71, line 2, after the word "section", to strike out "625 or 626" and insert "627 or 628"; in line 12, after the word "section", to strike out "625, 626, or 629" and insert "627, 628, or 631"; at the beginning of line 21, to change the section number from "628" to "630"; in line 22, after the word "section", to strike out "625 or 626" and insert "627 or 628"; on page 73, line 8, after the word "section", to strike out "627" and insert "629"; at the beginning of line 9, to change the section number from "629" to "631"; in line 24, after the word "section", to strike out "623(d)" and insert "625(d)"; at the top of page 74, to strike out:

SEC. 630. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA. The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China, and to appoint United States citizens to the Commission.

At the beginning of line 6, to change the section number from "631" to "632"; on page 75, at the beginning of line 21, to strike out "509" and insert "510"; on page 77, line 1, after the word "commodities", to strike out "services" and insert "defense articles, services (including defense services)"; at the beginning of line 25, to strike out "636" and insert "637"; on page 78, at the beginning of line 6, to change the section number from "632" to "633"; in line 16, after the word "provisions", to strike out "as the President may specify"; in line 18, after the word



"as", to strike out "amended." and insert "amended, as the President may specify."; at the beginning of line 24, to change the section number from "633" to "634"; on page 79, line 9, after the word "interest", to insert "In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan."; on page 81, line 3, after "610", to strike out "613(a), or 613(b)" and insert "614(a), or 614(b)"; at the beginning of line 5, to change the section number from "634" to "635"; in line 12, after the word "this", to strike out "Act." and insert "Act, and shall emphasize loans rather than grants wherever possible."; on page 83, line 1, after the word "ownership", to insert "(provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness)"; in line 25, after the word "of", to insert "investment guaranty"; on page 84, line 1, after the word "operations", to strike out "under this Act"; in line 2, after the word "arbitrated", to insert "with the consent of the parties"; at the beginning of line 15, to change the section number from "635" to "636"; in line 25, after the word "leased", to strike out "properties, without regard to the limitation contained in section 322 of Public Law 72-212, as amended (40 U.S.C. 278a)" and insert "properties"; on page 85, line 8, after the word "section", to strike out "624" and insert "626"; at the beginning of line 21, to strike out "outside the United States"; at the beginning of line 22, to insert "outside the United States"; on page 86, line 3, after the word "section", to strike out "629" and insert "631"; on page 88, line 11, after the word "of", where it appears the first time, to strike out "employees" and insert "commissioned officers"; in line 14, after the word "twenty", to strike out "employees" and insert "commissioned officers"; on page 89, line 11, after the word "the", to strike out "United States, for" and insert "United States for"; in line 18, after the word "law", to insert "not to exceed \$4,000,000 of the"; on page 90, line 24, after the word "section", to strike out "623(d)(2)" and insert "625(d)(2)"; on page 91, line 22, after the word "section", to strike out "636" and insert "637"; on page 92, line 7, after the word "extraordinary", to insert "(not to exceed \$300,000 in any fiscal year)"; in line 15, after "(3)", to strike out "construction"; at the beginning of line 23, to change the section number from "636" to "637"; on page 93, line 2, after "part I", to strike out "incident to carrying out the provisions of part I, and to exercising functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and un-

der the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.)"; in line 10, after the word "Date", to insert "And Short Title"; in line 11, after the word "enactment", to insert "and may be cited as the 'Foreign Assistance Act of 1961'". Programs under this Act shall be identified appropriately overseas as "American Aid"; in line 20, after "417", to strike out "502, and 523(d)" and insert "502(a), 502(b), 514, 523(d), 533A, 536, and 552"; on page 94, line 5, after the word "amended", to insert "and"; in line 7, after the word "of", to strike out "1960; and" and insert "1960"; after line 7, to strike out:

(9) Section 7307(b) of title 10 of the United States Code.

On page 98, line 4, after the word "Services", to strike out "include" and insert "includes"; on page 99, after line 21, to strike out:

SEC. 702. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out "(other than title II of chapter II thereof)" and substitute "or any successor Act (other than a contract financed by loan repayable in United States dollars, unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines such contract should be covered by this section)".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

On page 100, after line 9, to strike out:

SEC. 703. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), strike out "(other than title II of chapter II thereof)" and substitute therefor "or any successor Act (other than a contract financed by loan repayable in United States dollars unless the Secretary, upon the recommendation of the head of any department or agency of the United States, determines such contract should be covered by this section)".

At the beginning of line 18, to change the section number from "704" to "702"; on page 101, line 2, after "1951", to strike out "affected" and insert "effected"; at the beginning of line 6, to change the section number from "705" to "703"; at the beginning of line 11, to change the section number from "706" to "704"; at the beginning of line 15, to change the section number from "707" to "705"; in line 17, after the word "sentence", to insert "as follows."; at the beginning of line 21, to change the section number from "708" to "706", and on page 102, after line 8, to insert a new section, as follows:

SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words "achievement of United States foreign policy objectives" and inserting in lieu thereof the words "prevention of improper currency transactions".

So as to make the bill read:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### PART I

##### Chapter 1—Short title and policy

SEC. 101. SHORT TITLE.—This part may be cited as the "Act for International Development of 1961".

SEC. 102. STATEMENT OF POLICY.—The Congress of the United States reaffirms its belief that peace in the world increasingly depends on wider recognition, both in principle and in practice, of the dignity and interdependence of man, and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom. To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments. The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among nations, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties. Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities to the maximum extent possible, and that increased disposal be made of excess property and stockpile materials under this part and other Acts.

In order to achieve these basic goals, to the extent practicable, assistance should be based upon well-conceived plans; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper the transition to growth; and should emphasize long-range development assistance as the primary instrument of such growth. In order continually to increase the effectiveness of development assistance, intensive research should be carried on into the technique of such assistance. Since economic and political stability are indispensable to economic growth and to social progress, it is further the policy of the United



States to provide assistance to countries and areas in order to support or promote such stability. The Congress also recognizes the important contribution of the United Nations and its specialized agencies, and of other international organizations and agencies, to the attainment of these goals, as well as to relief of human distress and to scientific progress, and declares that it is the policy of the United States to provide for contribution to those activities of such organizations and agencies which are directed toward such objectives and goals. Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

#### Chapter 2—Development assistance

##### Title I—Development Loan Fund

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$1,187,000,000, and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be \$1,900,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year. Such notes shall be redeemable at the option of the President before maturity in such manner as may be stipulated in such notes, and shall have such maturity and other terms and conditions as may be determined by the President. Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the United States Government.

(b) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund established by section 202(a) of the Mutual Security Act of 1954, as amended, which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such fund shall be available for use for purposes of this title.

##### SEC. 203. FISCAL PROVISIONS.

(a) The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (i) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202(a), and (ii) all other funds made available for this title.

(b) In carrying out the purposes of this title, the President shall prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended (31 U.S.C. 847-849).

SEC. 204. REPORTS.—At the close of each quarter of the fiscal year, the President shall submit to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report of activities carried out in such quarter under this title, including appropriate information as to the amount of loans made under section 201(b), and notes issued under section 202(a), as well as any undertakings which have committed the United States Government to future obligations and expenditures of funds.

##### SEC. 205. DEVELOPMENT LOAN COMMITTEE.—

(a) The President shall establish an inter-agency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

(b) There shall be within the agency primarily responsible for administering this part an Office of the Development Loan Fund. Such Office shall provide staff assistance to the Development Loan Committee established by subsection (a) of this section and shall perform such other functions under this part as the President shall prescribe.

##### Title II—Development Grants and Technical Cooperation

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, and (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrat-

ing a clear willingness to take effective self-help measures and to pay a fair share of the cost of programs under this title.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

SEC. 213. (a) ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for the purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

SEC. 215. (a) VOLUNTARY AGENCIES.—In order to further the efficient use of United States voluntary contributions for relief and rehabilitation, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

##### Title III—Investment Guaranties

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less-developed countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any country or area with the government of which the President has



agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war:

*Provided*, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: *Provided further*, That no guaranty of an equity investment issued under this paragraph (2) shall assure against loss resulting from fraud or misconduct in the management of the enterprise, or from normally insurable risks: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under this section, under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and under section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b) (3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b) (3) of the Economic Cooperation Act of 1948, as

amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202 (b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payments pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111(c) (2) of the Economic Cooperation Act of 1948, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), and all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Co-

operation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

SEC. 223. DEFINITION.—As used in this title the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

#### Title IV—Surveys of Investment Opportunities

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (1) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

#### Title V—Development Research

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into the process of economic development in less-developed countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such



other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

*Chapter 3—International Organizations and Programs*

SEC. 301. GENERAL AUTHORITY.—(a) The President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000, which shall remain available until expended.

(b) Of the funds appropriated under this section, in the fiscal year 1962 the following amounts may be used for the following respective purposes pursuant to section 301:

(1) Not to exceed \$40,000,000 for contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund.

(2) Not to exceed \$12,000,000 for contributions to the United Nations Children's Fund.

(3) Not to exceed \$13,350,000 for contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East.

(4) Not to exceed \$62,000,000 for contributions to the programs of the United Nations in the Congo.

(5) Not to exceed \$1,800,000 for contributions to the budget of the United Nations Emergency Force.

(6) Not to exceed \$3,400,000 for contributions to the malaria eradication, water supply, and medical research programs of the World Health Organization.

(7) Not to exceed \$750,000 for contributions to the International Atomic Energy Agency.

(8) Not to exceed \$16,900,000 for contributions to the Indus Waters Development Fund.

(9) Not to exceed \$1,800,000 for contributions to the science program of the North Atlantic Treaty Organization.

(10) Not to exceed \$1,500,000 for contributions to the technical cooperation program of the Organization of American States.

(c) The monetary limitations in subsection (b) of this section shall not apply to the exercise of the authorities in sections 451(a) and 610.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other

nations of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

*Chapter 4—Supporting assistance*

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$450,000,000, which shall remain available until expended.

*Chapter 5—Contingency fund*

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

PART II

*Chapter 1—Short title and policy*

SEC. 501. SHORT TITLE.—This part may be cited as the "International Peace and Security Act of 1961".

SEC. 502. STATEMENT OF POLICY.—The Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations and through the creation of conditions under which international disputes will be settled by peaceful means. The Congress recognizes that this goal cannot be achieved so long as the world is threatened with aggression by the forces of international communism, and the Congress reaffirms its belief that in these circumstances the security of the United States is strengthened by the security of other free and independent countries. Accordingly, it is the policy of the United States to furnish to such countries, upon request, cooperative military assistance of a kind and in an amount reasonably designed to help them provide for their own security against such aggression and for the security of international organizations of which they may be members. It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

*Chapter 2—Military assistance*

SEC. 503.—GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any country or international organization, the assisting of which the President finds to be in the national interest, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing such other financial assistance as may be necessary to carry out this part, including expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, the sum of \$1,800,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(a) it will not, without the consent of the President—

(1) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(2) transfer or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(3) use or permit the use of such articles for purposes other than those for which furnished;

(b) it will maintain the security of such articles and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(c) it will, as the President may require, permit observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles;

(d) it will—

(1) join in promoting international understanding and good will, and maintaining world peace,

(2) take such action as may be mutually agreed upon to eliminate causes of international tension,

(3) fulfill the military obligations, if any, which it has assumed under multilateral or



bilateral agreements or treaties to which the United States is a party;

(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength, and

(5) take all reasonable measures which may be needed to develop its defense capacities;

(e) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (i) the value specified in section 644(m)(1) plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any country or international organization if such country or international organization provides the United States Government with a dependable undertaking (i) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (ii) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale to any agency of the United States Government or program of foreign currency repayments, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) The President may, if he determines it to be vital to the security of the United States, order

defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in any fiscal year shall not exceed \$200,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$55,000,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for American Republics.

#### PART III

##### Chapter 1—General provisions

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, countries and areas participating in programs under this Act; and

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority

to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty.

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of trade with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of the commodity procured is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for



transfer by grant under this Act to any recipient in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

**SEC. 605. RETENTION AND USE OF ITEMS.**—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes of this Act.

**SEC. 606 PATENTS AND TECHNICAL INFORMATION.**—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (1) protected by law, and (ii) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the District Court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

**SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.**—Whenever the President determines it to be in furtherance of the purposes of part I, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to nations, international organizations, the American

Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

**SEC. 608. ADVANCE ACQUISITION OF PROPERTY.**—The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I. Property acquired pursuant to the preceding sentence may be furnished (i) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (ii) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

**SEC. 609. SPECIAL ACCOUNT.**—(a) In cases where any commodity is to be furnished on a grant basis under part I under arrangements which will result in the accrual of proceeds to the recipient country from the import or sale thereof, the President may require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by the Act of the Congress, be agreed to between such country and the United States Government.

**SEC. 610. TRANSFER BETWEEN ACCOUNTS.**—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any

of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

**SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.**—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in Circular A-47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

**SEC. 612. USE OF FOREIGN CURRENCIES.**—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of non-military assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of non-military assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, may be used, notwithstanding any law relating to receipts and credits accruing to the United States Government for programs of assistance in furtherance of the purposes of part I.

**SEC. 613. ACCOUNTING, VALUATION, REPORTING, AND AUDITING OF FOREIGN CURRENCIES.**—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for accounting and valuation with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the



Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be used by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

(d) The Comptroller General is instructed to audit this first Treasury Department's report as of June 30, 1961, and report to the Congress his findings. Thereafter, the Comptroller General is given discretionary authority to audit subsequent reports.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 without regard to the requirements of this Act, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is required by the national interest.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(3) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—(a) Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

(b) In any case in which the President determines that subsequent to July 24, 1959, a country has nationalized or expropriated the property of any United States citizen, or any corporation, partnership, or other association created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens, and has failed within six

months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such citizen, corporation, partnership, or association, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such country until he is satisfied that appropriate steps are being taken.

SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960.

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

#### Chapter 2—Administrative provisions

SEC. 621. EXERCISE OF FUNCTION.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions, to any of his subordinates.

(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund and the International Cooperation Administration shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept and assume, the assets, obligations, and liabilities of, and rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency all personnel of the Fund, and such offices, entities, functions, property, and records of the Fund as may be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.

(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I all personnel of such agency, and such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary.

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall des-

ignate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of aid under part II of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and
- (6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

- (1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;
- (2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department, of whom one shall have, among the duties delegated to him, general supervision over the Development Loan Fund established pursuant to section 201(a); and
- (3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by



law for any Assistant Secretary of an Executive Department, of whom one shall be the head of the Office of the Development Loan Fund established pursuant to section 205(b).

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d) Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b) and 527(b) of the Mutual Security Act of 1954, as amended, and Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effect date of this Act.

**SEC. 625. EMPLOYMENT OF PERSONNEL.**—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed eighty-five may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed sixty may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed ten may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed twelve may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the

number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases, the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe: *Provided further*, That under this paragraph the President may initially assign personnel for duty within the United States for periods not to exceed four years prior to assignment outside the United States.

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

**SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.**—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

**SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.**—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.



**SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.**—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

**SEC. 629. STATUS OF PERSONNEL DETAILED.**—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned or detailed under section 627, 628, or 631 of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C.—70).

**SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.**—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or any part thereof, payable to the account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

**SEC. 631. MISSIONS AND STAFFS ABROAD.**—(a) The President may maintain special mis-

sions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

**SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.**—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment, when required, shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantages to be gained.

**SEC. 633. WAIVERS OF CERTAIN LAWS.**—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1961, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions of the joint resolution of November 4, 1939 (54 Stat. 4), as amended, as the President may specify.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.



SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the public interest. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of part I shall be used to carry out any provision of part I in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee or subcommittee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing.

(d) After the close of each fiscal year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during such fiscal year under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) Except as otherwise specifically provided in this Act, the President may make advances and grants to, make and perform agreements and contracts with, or enter into

other transactions with, any individual, corporation, or other body of persons, government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes of this Act.

(c) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(d) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(e) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as non-immigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(f) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased, although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.), and no other audit shall be required.

(g) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(h) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(i) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 636. PROVISIONS ON USES OF FUNDS.—

(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission or any other law;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;



(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$4,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (i) living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (ii) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed

appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

SEC. 637. ADMINISTRATIVE EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$51,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

#### Chapter 3—Miscellaneous provisions

SEC. 641. EFFECTIVE DATE AND SHORT TITLE.—This Act shall take effect on the date of its enactment, and may be cited as the "Foreign Assistance Act of 1961". Programs under this Act shall be identified appropriately overseas as "American Aid".

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 502(a), 502(b), 514, 523(d), 533A, 536, and 552);

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;



(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" means the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" includes any service, repair, training of personnel, or technical or other assistance or information used for the purpose of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles; and

(2) with respect to nonexcess defense articles the price obtaining for transfers of such articles between the Armed Forces of the United States Government, or, where such articles are not transferred between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

#### PART IV

SEC. 701. Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484), is amended by adding a new subsection (p) reading as follows:

"(p) In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator."

SEC. 702. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 703. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

SEC. 704. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

SEC. 705. Section 5(f) of the International Health Research Act of 1960 (22 U.S.C. 2103(f)) is amended by adding a new final sentence as follows: "The President may delegate any authority vested in him by this section to such other officer or head of agency of the United States Government as he deems appropriate."

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

#### "GENERAL PROVISION"

"SEC. 4. Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated."

SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words "achievement of United States foreign policy objectives" and inserting in lieu thereof the words "prevention of improper currency transactions".

#### CONGRESSIONAL OVERSIGHT OF FOREIGN AID BORROWING AUTHORITY

Mr. SALTONSTALL. Mr. President, I have always supported a strong and responsive foreign aid program. America must provide the leadership to help overcome the tremendous problems of poverty, disease, and illiteracy which exist in most areas of the world today. Both our own security and our traditional ideals call for such leadership, and I believe that we have the resources to provide it. The huge standard-of-living gap which exists in the world today is the biggest single root cause of war, and therefore, in the final analysis, a good foreign aid program is as essen-

tial for the security of freedom as are missiles, bombers, and modern conventional weaponry.

The problems are the worst in the underdeveloped areas of the world, which require capital development assistance to achieve stable and growing economies. The assurance of dependable long-term help is needed in development aid or the job simply can not be done. I therefore support the principle of some long-term borrowing authority in order to efficiently finance a meaningful development loan program. It is significant that the Soviet Union—well understanding the value of help in the poorer areas as an instrument toward world domination—offers capital development aid which achieves the ends of flexibility and long-term planning. We must do so also.

On the other hand, many of us in Congress are seriously concerned that Congress keep its strong control over the expenditures of the Federal Government. Sufficient opportunity for such continuing control is simply not present in title I of chapter 2 of the AID bill.

Mr. President, I therefore send to the desk and ask to have printed an amendment to S. 1983, in which the junior Senator from New York [Mr. KEATING], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from Connecticut [Mr. DONN], and the Senator from Kentucky [Mr. MORTON] have joined me as cosponsors. These Senators have given immeasurable help in preparing the amendment.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. SALTONSTALL. Mr. President, this amendment would strengthen the congressional oversight of the lending of borrowed Treasury funds under the development loan program without damaging the instrument of long-term borrowing authority.

The amendment provides that a detailed report with respect to any proposed loan over \$10 million be submitted to Congress by the executive branch. According to the technique of the Reorganization Act of 1949, if neither House of Congress adopts within 30 days a resolution disfavoring the loan, it will go through. The amendment provides for congressional postponement of proposed loans when Congress is out of session if a special subcommittee disavors the loan. In this event, the loan would be considered under the normal procedure of the amendment when Congress reconvened.

Mr. President, I believe this to be a careful and serious proposal which can achieve the dual objective of proper congressional control and an effectively long-term development aid program, and I hope that it will receive close study from the Members of the Senate.

Mr. KEATING. Mr. President, I am very happy to cosponsor the amendment offered today by the senior Senator from Massachusetts [Mr. SALTONSTALL]. This measure grew out of informal discussions earlier this week. The distinguished Senator from Massachusetts has studied the idea very carefully, on the



basis of his long experience as a member of the Committee on Appropriations, and has substantially improved the original idea. The amendment is now in a form in which it offers very real advantages, not only as a compromise position, but also, and even more important, as a valid method of assuring a reasonable and continuing degree of congressional oversight on the activities of the Development Loan Fund, or its successor.

Mr. President, the real problem is how to combine long-term planning of foreign assistance with continued congressional control and oversight of the purse. This proposal provides an excellent way of doing that. Basically, it would require that any proposed loan over \$10 million, financed by borrowing from the Treasury, be laid before the Congress for 30 days and come into effect only if no resolution of disapproval was passed by a majority of either House in that time. During periods when Congress was not in session, subcommittees from each Appropriations Committee would review the proposal and if they disapproved, then it would be resubmitted to the Congress again as soon as the Congress came back into session. This procedure would apply only to loans of over \$10 million.

Mr. President, this procedure, which is modeled roughly on that of agency reorganization plans, permits congressional oversight and review on lending operations before a final commitment is made. It gives Congress an opportunity, in the few instances where this may be necessary, of offering constructive advice and corrective action before loans actually come into effect. It does not hamstring long-term planning, but it does provide a congressional check. It does not require any new or basically different procedures. It would operate through existing committees. The only innovation would be the creation of a subcommittee when Congress was not in session.

Mr. President, the need for further control of the borrowing authority than is provided by the administration is clear to anyone who has looked closely at the bill. The amendment is designed to spell out more carefully and with procedures clearly established the extent of congressional oversight on long-term DLF loans. I believe it offers a reasonable and in fact valuable substitute both for the complete abnegation of congressional power now provided in the bill and for the more drastic elimination of borrowing authority proposed by the Byrd amendment. It is my hope that every Senator who is concerned with this problem will take the opportunity to study this amendment carefully.

Mr. President, Arthur Krock's column in today's New York Times contains a most perceptive discussion of some of the principal points involved in this controversy.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE FOREIGN AID BORROWING AUTHORITY ISSUE

(By Arthur Krock)

WASHINGTON, August 3.—The conflict in Congress over the President's request for a 5-year advance appropriation for foreign aid is one of the steadily recurring instances in government when both advocates and opponents have strong points in their favor. Often these conflicts have been resolved by an adjustment in which the fundamentals of both positions are preserved.

The President is employing the immense personal and ex officio pressures at his command, and those contributed by the Berlin crisis, to get unmodified approval of his proposal. But the opposition—particularly evident in the House—is such that the prospect of adjustment cannot wisely be foreclosed until the key votes are taken in both branches. And of these key votes, unless there are off-the-floor agreements beforehand, the most significant will be on the amendments prepared by Senators BYRD, of Virginia, and KEATING, of New York, a Democrat and a Republican.

The Byrd amendment would commit Congress, morally, to supply the \$8.8 billions which will permit the Executive to make plans on which loans for long-range foreign aid development projects can be firmly founded. Under the present system, and not necessarily in the amount requested by the President, Congress annually makes available to him only a year's supply of money for these loans. The obvious consequence is that the foreign aid agencies can make loans only year by year for projects that require many years for completion.

This is an unsatisfactory method of financing either private or public long-term projects. This defect being self-evident, the administration turned to what in private enterprise would be the practical way to remove it. This is, for Congress to empower the Executive in advance to borrow money from the Treasury over a span of 5 years until the \$8.8 billion has been used up.

#### POINTS OF OPPOSITION

But, from the viewpoints of Congress and critics of the administrative record and results of the foreign aid programs, the objections to this grant to the Executive of borrowing power for several years beyond the fixed 2-year life of the Congress that assigned it are equally practical. They include:

For 5 years Congress would cease to control the expenditure of foreign aid and hence forgo to the degree the constitutional check-and-balance of its power of the purse. Congress could demand periodic accounting of the expenditures made under the development program. But Congress, instead of the Executive as at present, would have the burden of proving that the funds were not soundly disbursed or administered. And if the Congress which made the grant, or the next, exercised its right to terminate the borrowing privilege it granted, the U.S. Government would stand before the world in default of foreign aid commitments made with full legal authority at the time. Or, since technically the Executive could commit in 1 fiscal year the entire \$8.8 billion Congress had given it for 5 years, there conceivably could be no money left for Congress to recapture.

Senator BYRD's amendment is designed to meet these objections, and at the same time to give formal approval of Congress to the principle of guaranteeing the loans required to complete long-term foreign aid development projects. He would authorize (guarantee) the \$8.8 billion requested by the President for this purpose. But he would require actual annual appropriation by Congress in fulfilling the commitment to which it was pledged. Senator KEATING would give

the President the full advance \$8.8 billion borrowing authority he wants, thus obviating annual appropriations by Congress. But his amendment would provide that any proposed foreign aid loan from \$10 million upward, and of more than a year's duration, must first be submitted to Congress and become operative only when, after 30 days, neither branch had disapproved it.

If something has to give, as is characteristic of major legislative-executive conflicts, and the Byrd amendment fails, the Keating amendment may well be that something so far as the Senate is concerned. But the President, could defeat both in that branch, and still have to give ground in the House.

#### SUPPORT OF NATO BY OUR ALLIES

Mr. DWORSHAK. Mr. President, the total augmentation of our Army Forces alone in Europe, as provided for in the defense appropriation measure just approved, could involve about 38,000 men, and an increase of approximately \$150 million for military personnel and operation and maintenance costs. This is over and above the manpower and money we are now providing for Europe, and does not include other increases in our military called for in this measure.

If NATO's house is in order, why do we have to send our men over there? I recall that the former President, Dwight D. Eisenhower, said before he left office that probably we ought to recall some of our military personnel from Europe.

But we are reversing our policy again. Now we are going to send more of our men over there. In the past several years I have tried to emphasize that perhaps there is some justification for sending American dollars over there; but with the other NATO countries having more than double the population we have, it seems incredible and indefensible that we have to send more American youths, many of them drafted, to supplement the military personnel of NATO. Let us concede they may need some financial assistance from us, but do they need our military manpower, too?

For the past several years we have been receiving soothing assurances that NATO was fit and ready for any responsibility. But now, when we prepare for meeting a real threat, we find that these assurances have not been altogether correct. In fact, as my distinguished colleague, the senior Senator from Louisiana [Mr. ELLENDER], has said many times in the past, "NATO has not been much more than a blueprint in recent years." One thing that this Berlin crisis is doing is to alert the American people to realize what I and other members of the Senate Appropriations Subcommittee handling the defense budget have been maintaining for several years—namely, that our NATO allies are not meeting their commitments.

I am aware of the validity of the statements Defense Department officials have made in recent weeks—that the form of Soviet aggression has changed, and that this, in itself, makes some modification of NATO structure necessary. I agree with Secretary of Defense McNamara that partially because of that shift in their tactics, the NATO nations combined must increase their military op-



tions and military alternatives, to meet this new challenge. But I say we must be assured that our allies are going to put more than blueprint military forces into NATO while we send American men and American dollars to NATO.

Following World War II, we sent billions of dollars to Europe, to help rehabilitate the physical and economic structures of the nations that were devastated by the ravages of that conflict. Our program there has been successful, as is witnessed by the remarkable economic recovery of most of these nations. They are no longer on their knees economically, and they should be willing now to assume their full obligation, in every way possible, to NATO defenses.

The most difficult problem now facing the United States is persuading its NATO allies to finance more of the defense bill in Europe—both in men and in money.

Mr. President, reports from Europe indicate a general apathy on the part of the European public to the threats posed by the current crisis. Great Britain is launching an austerity program, and this year ended its military draft program; France is harassed in north Africa; and there is little change in the military callups of other NATO nations at present. This compares with our call for an increase in the selective service, our callup of Reserve units, and our approval of the largest peacetime defense budget in history.

In our subcommittee hearings on the defense budget, I have listened intently, and believe that Secretary of Defense McNamara is well informed on the vital points of our defense needs; and I want to reiterate here my commendation made at the subcommittee hearing:

Secretary McNamara has been much more forthright than other witnesses have been in past years in trying to be realistic in appraising the status of NATO. I think that his testimony indicates that he is fully alert to our need of getting more cooperation from our NATO allies.

I certainly do not want the RECORD to indicate in any way that I am unmindful of the fine contribution our NATO allies have made; but I want to emphasize that we have been living in a dream world for several years, when we were forced to make no showdown in the face of Soviet aggression. This Berlin development, the President's recent challenging message, the plans to call up thousands of men for the military, and the plans to spend billions of dollars for military appropriations all reflect the very imperative need to enlist the full capabilities of the free nations of the world. Some spokesmen in this administration should be sent to convince our NATO allies, particularly, that they ought to be willing to stand up with the United States and to shoulder as much of this burden as is necessary for their own survival, as well as ours. Just increasing our contributions to NATO is not enough; we must work out a program that will bring into action the capabilities of all NATO nations to meet this Soviet challenge. Our NATO defense chain can be no stronger than its weakest link.

Mr. President, when requests are made for military budget increases and foreign

aid, we are continually told that these actions provide assurances to our allies of our willingness to fight in their behalf. I cannot question this psychological conclusion; but I wonder whether there is any determination or willingness on the part of our allies, particularly in NATO, to cooperate with us, first, in furnishing essential manpower, and to have the determination to meet the Soviet aggression. I say it is time that we determine whether our allies have the same determination to cooperate with us.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement entitled "Cooperation of NATO Allies," which appears on page 4 of the report submitted by the Appropriations Committee on the defense budget.

There being no objection, the excerpt from the report (No. 653) was ordered to be printed in the RECORD, as follows:

#### COOPERATION OF NATO ALLIES

In this bill the committee has granted all of the requests of the President and the Department of Defense to meet the current emergency and, in fact, has added to some of these requests.

However, action by the United States alone will not be sufficient to increase the NATO force to the levels required. We hope and expect that our NATO allies will complement our action with action of their own which, combined with ours, will lead to a substantial increase in the military power of our NATO alliance. The committee strongly recommends that the executive branch of the Government on all levels do its utmost to secure from our NATO allies the cooperation necessary to strengthen the combined NATO forces by meeting their commitments. It is only reasonable to expect that all nations of the free world living under the threat of Soviet aggression do their part by providing the military strength to which they have agreed. The committee believes that the United States has repeatedly demonstrated that it can be counted on to provide its share of the men and material necessary to carry out our common purpose. Certainly, our NATO allies should show, by fulfilling their past promises, that they intend to cooperate with us in meeting new problems as they may develop.

#### "KERR-ENT STATUS"

Mrs. SMITH of Maine. Mr. President, I think that Congress perhaps is the most prolific provider of journalism per capita of any organization in our country—or the world, for that matter. For we have more columnists per Member than any other organization that I know of.

I do not have the statistics on the number of newsletters or congressional columns and reports distributed by the Members of Congress but I am sure that the total is well in the several hundred.

In fact, I know, from the situation in my own home State of Maine, which, at one time, had five congressional columnists mailing out weekly or monthly columns to the newspapers back in Maine. I was one of that group of two Senators and three Representatives writing such regular reports.

Ultimately, I concluded that such a heavy concentration was such a burden on the Maine newspapers—particularly the Maine weekly newspapers with their limited space—that I decided to give

them some relief by discontinuing the congressional column or report that I had been mailing regularly to them.

And I know that they were relieved and were grateful that I made such a contribution to lessen the cluttering up of their mail and easing their space problem. I am sure that many of them were happy about it as it gave them room to publish the weekly report of a State senator or a State representative on the doings in the Maine State Legislature.

But a new publication from the halls of Congress commands the greatest respect from me. It is something new. It is not merely a monthly congressional report. It is not merely a weekly congressional report. It is a daily congressional report.

More than that—it is not just a report. It is a newspaper. And it is the hottest off-the-press newspaper I have ever seen—for it carries news items that are but minutes old—it prints the news almost before it happens.

It is brief—being only one page. But there is more congressional news packed in that one page than you will find in any daily newspaper or any national magazine.

It has excellent humor—humor that equals that of the New Yorker magazine or Bob Hope or Senator Kenneth Keating or Senator Hugh Scott.

It has pithy condensation that excels the capsule sheets of the U.S. News & World Report and the Washington Post Newsweek.

It is as accurate as the New York Times—and it truly prints all the congressional news that's fit to print.

It is uniquely colorful—with even great imagination in its color—for the paper it is printed on, with refreshing rotation, encompasses all the colors of the rainbow range.

It has a wide and facile range of expression, whether the form be a menu in French or an Oklahoman bill of fare.

It is must reading—and very seriously I look forward to it every day, not only to get myself informed on the top news and the schedule of congressional activities, but also to have a few gems of humor to lift my spirits.

My only complaint and criticism is that it is only an afternoon paper. I wish there were a morning edition of it, so that I could start my day so pleasantly instead of having to wait until around 3 or 3:30 in the afternoon to have the splendid benefit of it. Yes; I want it to be both a morning and an afternoon paper.

I am, of course, speaking of the one and only "Kerr-ent Status," published by the senior Senator from Oklahoma, and edited by his excellent staff member, Paul McBride.

I know that many Senators share my feeling of gratitude to him and I wish to say in all seriousness that his daily publication is not only unique, but it is also a real public service—and a public service which I feel deserves the fullest recognition.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the for-



eign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of amendment.

Mr. ELLENDER. Mr. President, reserving the right to object, even with the adoption of these amendments, any amendment from the floor will be in order, would it?

The PRESIDING OFFICER. The Senator is correct. Is there objection to the request of the Senator from Arkansas?

There being no objection, the committee amendments were agreed to en bloc.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, I offer amendment "7-28-61-A" and ask to have it stated and made the pending question.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 6 it is proposed to strike out lines 4 to 24, inclusive, and insert the following:

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use in carrying out the provisions of this title such sums, not to exceed \$1,187,000,000 for use beginning in the fiscal year 1962 and not to exceed \$1,900,000,000 for use beginning in each of the fiscal years 1963 through 1966, as the Congress shall hereafter determine to be necessary, which amounts shall remain available until expended.

On page 8, line 13, beginning with "(i)" it is proposed to strike out down to the comma in line 16, and insert the following:

(1) all funds appropriated pursuant to the authorization contained in section 202(a).

On page 8, it is proposed to strike out lines 19 to 23, inclusive.

On page 9, lines 6 and 7, it is proposed to strike out "and notes issued under section 202(a)."

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. How long does the Senator wish to speak?

Mr. JAVITS. Five minutes.

Mr. FULBRIGHT. Mr. President, I yield to the Senator from New York for a short statement.

Mr. JAVITS. Mr. President, I ask unanimous consent that my remarks may follow those of the Senator from Arkansas in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none, and it is so ordered.

Mr. GORE. Mr. President, will the Senator from Arkansas yield so that I may suggest the absence of a quorum?

Mr. FULBRIGHT. I should like to make a short statement first, and then I will yield to the Senator.

## THE RIGHT TO TRAVEL FREELY WITHIN ALL SECTORS OF BERLIN

Mr. FULBRIGHT. Mr. President, last Sunday I appeared on the ABC network television and radio program, "Issues and Answers." In the course of that program one of the exchanges led to an unfortunate and erroneous impression of my views. When asked if I thought the West should make any concessions on the question of the flight of East German refugees to West Berlin, I responded that this, too, is something that could be discussed, because—and this is the point—the East Germans have the ability to control travel within East Germany.

The imposition of tighter travel restrictions by the East Germans on travel of East German citizens within East Germany could restrict access of East German citizens to all of Berlin, thus depriving a large number of potential refugees from East Germany—as distinguished from East Berlin—of this convenient means of escape.

As I pointed out in the TV and radio interview, I know of no agreements to which the Western Powers are party which prohibit the East Germans from restricting the travel of East German citizens within East Germany—outside of Berlin. It is to that point of reference that my response was intended in the interview.

I certainly did not intend to imply that the West should execute any agreement whereby the West would assist in enforcing any restrictions imposed by East Germany on travel within East Germany nor that the West should consider changing existing agreements and consent to closing West Berlin to refugees wishing to enter.

The right of persons to move freely within all sectors of Berlin is entirely another matter and is guaranteed by post-war agreements signed by the United States, Britain, France, and the Soviet Union. I do not consider such right to be negotiable.

## THE UNITED ARAB REPUBLIC

Mr. FULBRIGHT. Mr. President, there is a profound lack of understanding in this country of the developments in the United Arab Republic.

I congratulate the Washington Post and Times Herald for carrying an article from the Times of India about the UAR, and I ask unanimous consent that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

### NASSER'S DECADE: A FRIENDLY VIEW

(By Don Passos)

The 10th year of his revolution finds President Gamal Abdel Nasser face to face with a challenge in some respects greater than any he has met so far. This is the challenge of internal consolidation.

The revolution unleashed in Egypt 9 years ago has now acquired a symbolic value in the Arab world. If it has not pulled down so many physical frontiers, it has certainly demolished the frontiers that once kept the Arab mind divided.

With all their painful problems of growth, the Arabs now know what they do not want.

They do not want foreign domination or intervention. They do not want regimes based upon denial of freedom and progress. They do not want to live in stagnant societies and slow-moving economies.

They also know certain things they do want. They want land reforms. They want industry. They want the thrill of freedom and they value the rights they have won. They are proud, even a little too sensitive, of their hard-won sovereignty. Echoing the words of a great Indian patriot, they say, "It is better to be poor and free than to be rich and in bondage."

These negative and positive desires make out the basic philosophy of Nasser's revolution. A revolution, unfortunately, must always begin negatively. It first destroys, then builds. But what it builds must be more massive, more meaningful than what it destroys.

Nasser destroyed the Egyptian monarchy and built the Egyptian Republic; he went a step further and brought about the union of Egypt and Syria. He destroyed the British hold on Egypt, and built a proudly sovereign nation which loathes nothing more than the slightest shade of foreign interference or domination.

Nasser has taken several things away. He has taken away the people's right to form political parties, to own property as they like. He has taken away the right of the newspapers to write whatever they like. He does not allow an opposition to function in the manner in which it functions in several countries.

But he has given to his people so far more than he has taken away from them. He has given land to the landless. He has given women of Egypt the right to vote, to get elected to Parliament, to take part freely in the multiflowing life of the country. He has built a network of heavy industry no Arab country could ever dream of 10 years ago—a steel plant, oil refineries, automobile factories, machine-building plants, a shipyard.

He has kept hunger away from Egypt and Syria; there has been no great shortage of food. Huge desert areas have been reclaimed, and even bigger projects are underway.

But the question that torments an observer is whether economic progress alone keeps a revolution from spending itself. Nasser, at least, does not appear to think it does. For the past 2 years or so, his deeply contemplative mind has been vigorously working on the meaning of his revolution.

Currently, he is engaged in finding a sufficiently radical, and yet not uncontrollable, political, and economic content for his revolutionary regime. Hence, his repeated emphasis on democracy, socialism and cooperation—the three pillars on which he wants his regime to rest.

Nasser's socialism does not envisage a violent transformation of the economy; it gives the state a paternal role, seeks to create an expanding public sector, and to keep private enterprise under control and supervision. What distinguishes it from the socialism of other Afro-Asian countries is that it embraces land and agriculture.

Nasser's socialism goes hand in hand with cooperation; together, they constitute the revolution's economic philosophy which, in a nutshell, is that society must rest on the aggregate of common ideals, aspirations, and endeavors; its aim should be to hold together, not divide, the people.

Nasser's main problem is about the political meaning of the revolution. He wants to inform democracy with an oriental content and give it a structure that suits the oriental frame of mind.

He is working on a pyramidal structure, broad at the base: his task is to give the people a lasting feeling of freedom, to stimulate debate, encourage opposition, and still



avoid the degeneration of party politics. A difficult task; it faces all the new nations of Asia and Africa.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GORE. Before the Senator begins his speech, I should like to say that for 4 weeks the chairman of the Committee on Foreign Relations, the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] performed one of the most remarkable tasks as chairman of the committee that I have witnessed in several years service in both Houses of Congress. He was patient, he was fair, and he was considerate of the points of view of all Senators. I believe the bill has had the most thorough consideration that any bill on this subject has received by the Congress at any time. The distinguished chairman is now about to present one of the largest and most important bills to be considered at this session of Congress. I shall suggest the absence of a quorum.

Mr. MANSFIELD. Before the Senator makes his request, I should like to be associate myself with the remarks made by the distinguished Senator from Tennessee. The chairman of the Committee on Foreign Relations has shown great patience, great wisdom, great understanding, and great tolerance. It was not easy to sit through those hearings. Every Senator had a right to express his views. Every Member had a right to offer any amendment he desired. Every Member was treated with the utmost courtesy. I wish to aline myself with what the distinguished Senator from Tennessee has said about the outstanding work of a great chairman, the junior Senator from Arkansas [Mr. FULBRIGHT] in that respect.

Mr. FULBRIGHT. I thank both the Senator from Tennessee and the Senator from Montana for their very kind words. Of course, without cooperation we never could have gotten a reasonable bill out of the committee. Both the Senator from Tennessee and the Senator from Montana were constant in their attention and their attendance at the committee meetings, and they made a great contribution to the final form of the bill. I appreciate the kind words of the Senators.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LONG of Louisiana. I add my word of commendation with respect to the magnificent manner in which the chairman of the Committee on Foreign Relations conducted the hearings, and I note particularly the long hours of executive sessions. I believe there were about 64 hours of executive sessions alone, not counting the great number of

hours devoted to the hearing of witnesses of the administration, starting with the Secretary of Defense, the Secretary of State, and going on down. The chairman of the committee showed infinite patience in handling the many conflicting views of Senators, including my own, of course, at the hearings. He showed us the utmost courtesy and consideration. I believe that while we cannot always agree on these subjects, we can agree, and the committee agrees, that the chairman did a most outstanding piece of work in handling the bill.

Mr. FULBRIGHT. I appreciate the kind remarks of the Senator from Louisiana.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, we take up this foreign-aid bill at a moment fraught with danger for the people of this Nation. We know this to be true. Members of the Senate last week recognized the danger when we unanimously approved legislation to strengthen our military defenses and as we did likewise today in voting for the defense appropriation bill.

It will be argued from this moment of crisis that the bill before us (S. 1983) should be approved without change; that the potential enemy will measure our firmness by our votes on this bill.

There are others who will argue that the tinderbox situation we face in Berlin requires reduced commitments to foreign aid. They will urge that the required strengthening of our defense forces compels a slash in aid.

I suggest, Mr. President, that those who take either of these extreme positions miss the point of foreign aid generally and miss the thrust of this bill in particular.

The aid programs embodied in the pending bill are not to be viewed as financial spigots to be turned off or on in response to specific foreign crises. These programs, despite their burdensome cost, must be viewed by the American people as an enduring price to pay in an effort to create a world in which the freedoms man has developed throughout the ages may not only be preserved, but strengthened and expanded.

Our perils will surely multiply if we destroy this bill; they will not cease if we pass it.

Foreign aid, now an established if not a venerable instrument of our foreign policy, is not a panacea for the ills that afflict the world. It is not a magic formula but a calculated risk—calculated to alleviate some at least of the unbridled forces of upheaval that threaten us. We have had enough experience with foreign assistance to know that it is not an instrument well conceived to win unswerving allies for the United

States, or eternally grateful friends. Nor does our aid program guarantee stunning progress in the economic development of all recipient nations. The results have been impressive in many areas. In a few they have been very disappointing.

The program, nonetheless, is an imperative of our foreign relations. Where it is wisely conceived and skillfully executed, the probability of success is high. The compelling rationale of foreign aid is twofold. First, it purports to advance the security interests of the United States by helping to stabilize the emergent nations which in the decades ahead will almost certainly constitute the decisive weight in the world balance of power. Secondly, our aid aims to provide succor for the needy—the materially and spiritually deprived majority of mankind. There is a pulse of sympathy in our assistance, an instinct of compassion that, with few exceptions, has figured prominently in our foreign relations since the founding of the Republic.

A risk is as good as the calculations on which it is based. The calculations upon which this year's legislation is based have made it, in my judgment, the best foreign aid bill we have had. It represents a new departure, based on sound assessments of current trends and future prospects. Its thrust is toward a decade of development, coherently planned and efficiently implemented. This year's bill represents a worthy start toward a whole new concept of foreign aid—a concept based on long-range development rather than piecemeal projects, on progress toward self-sustaining growth rather than short-range relief, on multilateral assistance by all of the prosperous free nations, rather than unilateral American responsibility.

The bill before us is oriented to the realities of the 1960's. Its aim is to alleviate disruptions while hastening the processes by which traditional societies in Asia, Africa, and Latin America are struggling to achieve 20th century political and economic institutions. The bill before the Senate embodies a moderate shift of direction in a year of transition. In the words of the report of the Committee on Foreign Relations, "foreign aid represents the only means of alining this country and its allies with the forces that are shaping the world that lies ahead."

While the requirements for a successful aid program in the 1960's are hardly comparable with those of the Marshall plan, the necessity for assistance to the underdeveloped countries is rooted in the same basic considerations that motivated the Marshall plan. Our objective is the same as it was when Senator Vandenberg reported the Economic Cooperation Act of 1948 with these words:

This legislation, Mr. President, seeks peace and stability for free men in a free world. It seeks them by economic rather than by military means. It proposes to help our friends to help themselves in the pursuit of sound and successful liberty in the democratic pattern. The quest can mean as much to us as it does to them.



Little purpose would be served by a lengthy recitation of the detailed provisions of the bill and of the action taken by the committee. These are accomplished by the committee report. Instead, I wish to comment briefly on only the most significant provisions of the bill and then to turn to broader considerations.

The emphasis of the program is shifted to development loans repayable on manageable terms and conditions and in dollars rather than soft currencies.

The heart of the new legislation, its principal departure and its principal merit, is the provision for long-term financing of the development loan program, with authority for the Executive to borrow from the Treasury \$1.187 billion in fiscal year 1962 and up to \$1.9 billion in each of the next 4 fiscal years. The unused portion of the maximum allowed for 1 fiscal year will become available for use in any subsequent year of the note-issuing period. Thus the full amount authorized for development loans over a 5-year period will be approximately \$8.8 billion.

Much of the current discussion overlooks the fact that—in accordance with past congressional advice—the emphasis of the program will be shifted substantially from grants to loans, and the loans must be good risk ventures. Section 201(a) of the bill states that—

Loans shall be made \* \* \* only upon a finding of reasonable prospects of repayment.

The record of other lending programs since the war offers considerable reassurance, despite current allegations that loans are not repaid. As of December 31, 1960, foreign loans extended under mutual security and related legislation amounted to nearly \$3 billion. There have been no defaults or delinquencies on these transactions. While there have been delays in payments on some loans extended by the Development Loan Fund, there have been no defaults.

All loans extended under the new authority must be repaid in dollars over terms of up to 50 years and at low rates of interest or in some cases perhaps without interest. In the past a large proportion of so-called soft loans amounted in practice to grants, owing to the fact that local currencies used for repayment normally cannot be spent outside of the country of issue and the uses to which these currencies can be put are in many countries severely limited. The result has been steady accumulations of local currency balances by the United States, which have at times created difficulties and misunderstandings with host governments.

It is the conviction of the Committee on Foreign Relations, as stated in the report, "that the long-term borrowing authority sought by the President is the most important part of this legislation." It represents the very core of a sound foreign aid program for the 1960's. Its purpose is to help generate long-range productive capacity for countries which demonstrate a clear determination to take effective measures of self-help in

response to the vital economic, political, and social needs of their people. The President is expressly directed to take account of these considerations before extending loans. The basic premise of the plan is that aid programs must be related to a country's growth process as expressed in a broad development plan.

The Treasury borrowing procedure is by no means unfamiliar to our Government. Many agencies and programs, beginning with Reconstruction Finance Corporation in 1932, have been financed, in whole or in part, by this method.

Congress, in authorizing the borrowing procedure, would not be surrendering legislative control.

This, I think, is the most important part, perhaps the core of the principal controversy concerning the proposed legislation. I draw particular attention to it.

As a result of the inclusion in the bill of a provision making applicable to the development lending program certain provisions of the Government Corporation Control Act, the exercise of the borrowing authority will be subject to annual review by the Appropriations Committees of both Houses and by Congress. The amounts to be borrowed by the aid agency must be included each year in the Federal budget. Section 104 of the Government Corporation Control Act contains an explicit provision to the effect that the use of funds may be limited if Congress so determines.

As applied to the development lending program the following procedure would prevail: The President would annually submit a declaration of obligations and expenditures for the lending program as a part of the budget. Congress would have the responsibility of reviewing the program. This review, in accordance with past practice, would take place in the first instance in the Appropriations Committees of both Houses. Congress could limit the use of funds according to its judgments. Limitations could be proposed by the Appropriations Committees or by amendment on the floor of either House, as is the case with other items. If in any year Congress should disapprove the budget program for that fiscal year, the development lending program could not enter into further obligations or make further expenditures.

While limitations on the development lending program can thus unquestionably be imposed, it is also clear that it was the intent of Congress, in enacting section 104 of the Government Corporation Control Act—as would be the case in the pending bill—that limitations on budget programs would be imposed only where there are affirmative reasons for doing so. Congress might thus be expected to impose limitations only for the purpose of assuring that the executive branch carries out the will of Congress with respect to the development lending provisions of the aid legislation.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. What is the difference between the procedure which the

Senator from Arkansas now proposes and the procedure under which the existing Development Loan Fund operates? As I understand, the existing Development Loan Fund gets an appropriation of so much money, and the Bureau of the Budget allots the amount to be obligated for the current fiscal year. If under the new procedure, which is now being discussed, Congress still has the power to raise or lower the amount sought, I wonder what the difference is.

Mr. FULBRIGHT. I think it is a very importance difference. In a word—I shall try to develop it at length later—I believe the burden of taking the initiative to upset and change the policy as determined by Congress is shifted from the executive to the legislative branch. It is not, of course, an exactly analogy, but we know how important in judicial proceedings is the meaning of the expression "shifting the burden of proof." Under this proposal, there is such a shift. Nevertheless, Congress can change it. We can pass a bill. But the next Congress can repeal it. Congress may act by a direct repealer or, in this case, under the Government Corporation Control Act, passed in 1945—made applicable to this bill—Congress can review administrative expenses as well as operating expenses. We can act just as we do with respect to such agencies as the former RFC or other corporate bodies.

No one would question the power of Congress to change its mind. I do not believe the Senator would say that if Congress passed a bill to authorize a 4-year program for borrowing, it could not next year consider a repealer of that act.

In the course of orderly procedure, the requests for budget approval of these agencies go to the Committees on Appropriations—normally they will go first to the House committee—and those committees may offer limitations upon the amounts requested. In my opinion, the Committees on Appropriations could say that for the next year—they could not make it retroactive, they could say that for the succeeding period, due to certain circumstances, they propose Congress take affirmative action to limit the amount to \$1 billion, instead of the larger figure. Does the Senator disagree with that?

Mr. ELLENDER. I am trying to ascertain the difference between this new proposal and the present development loan program. The budget is presented to Congress by the President. Then Congress has the right to raise or lower it, through the authorization and appropriations processes. In this instance, what is being done—rather, not being done, but proposed to be done—

Mr. FULBRIGHT. It is all right to let the first statement stand.

Mr. ELLENDER. The present proposal contemplates a 5-year period, during which as much as \$1,800 million a year may be obligated.

Mr. FULBRIGHT. One billion nine hundred million dollars.

Mr. ELLENDER. Under present operating procedure, when the President



submits a budget estimate of \$1,900 million for the Development Loan Fund, as the Senator knows, Congress has the right to allow the amount requested, or to lower the sum should it so desire.

Mr. FULBRIGHT. That is my belief.

Mr. ELLENDER. Then what is the difference between the two methods?

Mr. FULBRIGHT. There is a big difference, as I said. There is the burden of what I would call moving or initiating the change. Congress must take the initiative in reviewing the Development Loan budget plan. There must be affirmative reasons for any change in the plan, otherwise Congress will not be living up to its responsibilities. There is quite a difference, it seems to me, between whether the Executive takes the initiative to change the course of events or the Congress does.

Congress, I should say, would be operating under the presumption that its earlier decision should stand, and full amounts budgeted should be used. I would not for a moment leave the impression that I do not believe there is no difference. I think there is a very important difference. Once we did authorize a 2-year program. I shall comment on that a little later. It was only an authorization. The burden was then still upon the administration to come to Congress and request the amount and justify it in the usual way.

The burden of responsibility under the type of procedure proposed in this bill—the borrowing procedure—is usually greater upon Congress to refuse to accept the budget as presented.

I do not wish to say there is no difference. I simply say that despite the shifted burden, the power still remains in Congress to rescind its action altogether, if it wishes to, even if there were no Government Corporation Control Act. Congress has the power to do this. Morally, it may be indefensible; or politically, unacceptable, but the power remains in Congress to change its mind and rescind the entire action.

The only point is that we are seeking to give assurance not only to our own administrators that they will have something on which to plan, but especially assurance to whomever they are dealing with that this proposal will not be a flash in the pan or something on which they cannot rely.

Under existing annual appropriation procedures, the whole tendency is to say, "We can't undertake any worthwhile, long-term, firm project. All we can do is undertake something that can be finished in the next few months."

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. BURDICK in the chair). Does the Senator from Arkansas yield to the Senator from Vermont?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. In response to the question asked by the Senator from Louisiana, I would say that the practical advantage of the new plan supported by the Senator from Arkansas is that for the next 5 years Congress would have a right to look into the stall where the horse used to be.

Mr. FULBRIGHT. I do not agree with that, at all. The horse is still in the stall; and the question is whether Congress wishes to take the drastic action of cutting his throat.

In my opinion there is a real difference, because the power of Congress to do nothing is very great. We know that under our procedure and traditions, one Member has the power to hold up the Senate for a very long time. So in the Congress there is a great power of resistance to action.

This plan would shift the burden, so that Congress must take the initiative if it is to upset a well-considered—I hope it is—program that would extend over a period of years. I believe this is a very important difference. But I think it quite in error to say that Congress would give up its power to control this program. That would not be the case.

Mr. ELLENDER. I understand what the Senator has in mind.

Mr. AIKEN. Let me say that I shall go into the details later on.

Mr. ELLENDER. Yes, I understand. But my question was directed to the Senator from Arkansas, in light of the law to which he referred. It strikes me that if the amount requested by the President for the Development Loan Fund for the next 5 years may be increased or decreased, following authorization, by Congress. I see no difference.

Mr. FULBRIGHT. If the Senator from Louisiana thinks there is no difference, then, for goodness sake, I hope he will vote for the committee bill. If the Senator from Louisiana thinks the new arrangement would be the same as the old one, we welcome his support.

Mr. ELLENDER. If there is no difference then I would rather continue under the present system.

Mr. FULBRIGHT. But if the Senator from Louisiana sees no difference, why does he not vote for this, in order to show his agreeable nature?

Mr. ELLENDER. In light of what the Senator from Arkansas has said about the new procedure, how could the Administrator of the fund proceed to bind the Congress for 5 years hence?

Mr. FULBRIGHT. He could not bind the Congress irrevocably. But as a practical matter—let me say that I do not like to use the word "moral" in connection with these matters; there is no morality about them—as a practical, political matter, under this plan the Administrator will have far greater assurance that the funds will be forthcoming, as compared with the situation under the present arrangement. The Senator from Louisiana knows as well as I do the power of resistance inherent in this body, as a practical matter.

This plan transfers from the Administration to the Congress the burden of initiating a change in the accepted policy.

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. GORE. Is it not true that on an annual basis alone, the administrator of the program, as well as the countries with which the administrator would be developing programs of betterment and

actions for improvement, could only assume that Congress in the following year would authorize and approve the program, whereas under the pending bill there is a 5-year authorization which, as the chairman of the committee has said, would not be irretrievable or irrevocable. It would remain in the power of Congress to repeal the act or to limit the expenditures or to withdraw the power and the authorization. But the assumption would remain that unless the program came afoul of mistakes which would bring about very unfavorable reaction in the country and in the Congress, the 5-year authorization could be contemplated and could be depended upon, in other words, by the administrator and by the beneficiary countries.

Mr. FULBRIGHT. I think that is quite correct.

Mr. SYMINGTON. Mr. President, will the distinguished Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. SYMINGTON. Mr. President, the people of the United States have always prided themselves on their ability to organize and manage successfully, especially in the fields of industry and finance. Does not the able Senator from Arkansas believe that the Government should be allowed the same type and character of efficient long-range planning in the handling of this loan program that is essential for the proper conduct of any industrial corporation or financial institution in the United States?

Mr. FULBRIGHT. I certainly do. I think the procedure we have followed makes it almost inevitable that the program will be wasteful and inefficiently administered. I know of no business which follows any such procedure.

Mr. SYMINGTON. Mr. President, will the Senator from Arkansas yield further to me?

Mr. FULBRIGHT. I yield.

Mr. SYMINGTON. Is it not true that many, if not most, of the critics of this program emphasize, in reaching their conclusions, the fact that the program has at times been mismanaged and at times has had in its operation a great deal of waste? But, despite that fact, these critics are unwilling—even recognizing the added problems incident to good management because of the absence of the profit motive—to let the program have that same type and character of managerial capacity they would insist upon in a corporation in which they were investors.

Mr. FULBRIGHT. I think that is entirely the case. It seems to me that those who disapprove of foreign aid and intend to vote against the bill—although recognizing the possibility that they may not prevail and that aid will, nevertheless, be provided—should vote for this long-term borrowing authority simply because, if there is to be such a program, they should want it put on a reasonably businesslike basis.

Of course, I realize there are many persons who believe we should never have entered this field, and that it is a mistake; and I realize that certain Members always have opposed foreign eco-



conomic aid programs. Certainly it is their right to oppose them if they wish. But even such persons should not insist that the programs be inefficiently and improvidently administered, as tends to be the case when the administrators cannot plan ahead.

So I think that even they should agree with the purpose of the borrowing authority; they should agree that if there is to be such a program it should be conducted in an efficient manner.

Mr. ELLENDER. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ELLENDER. As the Senator knows, Congress provided for a 2-year program in the present Development Loan Fund.

Mr. FULBRIGHT. It was an authorization, was it not?

Mr. ELLENDER. Yes, and the funds were subsequently made available by appropriations. Is it not a fact that under this method the Congress was irrevocably committed and the Administrator of the fund could then obligate these funds up to the amounts appropriated? Furthermore the funds were appropriated on a no-year basis, since the funds were made available until expended, and the Administrator had all the time needed to plan his loan commitments in an efficient manner.

Mr. FULBRIGHT. I fail to follow the Senator's question.

Mr. ELLENDER. Well, when the Senator speaks of a loan, he means that it is on a long-term basis; does he not?

Mr. FULBRIGHT. Yes.

Mr. ELLENDER. Is it not a fact that under the 2-year authorization program, which the Senator will remember was voted by the Congress for the Development Loan Fund—the money appropriated under the authorizations was made available by the Appropriations Committee until expended and the Administrator had the power to enter into long-term loans for whatever period was deemed necessary?

Mr. FULBRIGHT. I think the Senator from Louisiana is correct, with the exception that following that 2-year authorization for \$1,800 million, as I recall, the actual appropriation was \$650 million less than the authorization. That sort of thing is to be expected under the present procedure. Therefore, the Administrator cannot reasonably plan to loan, during the second year, any known amount.

After the first year's appropriation—which, as I recall, was \$550 million—he could not reasonably count on any particular amount for the next year, because under the procedures and practices of the Congress he had no idea what he would get.

He did know he would not get anything close to what was authorized. I think it would be different under this proposal.

Mr. ELLENDER. Since the Senator admits that the program would have to be resubmitted to the Congress from year to year to get the appropriation—

Mr. FULBRIGHT. I do not admit it; I assert it. I did not state that I admit it. I stated it.

Mr. ELLENDER. I know.

Mr. FULBRIGHT. There is a difference between admitting and asserting. The Senator is not forcing me to reveal this. I said clearly it was that way.

Mr. ELLENDER. The moment the Congress passes the appropriation bill, it is then up to the administrator to make that money available to such countries as are qualified to receive loans. For the life of me, I cannot see any difference between the two procedures.

Mr. FULBRIGHT. All I can say is, if the Senator does not see a difference, I hope he will do the committee the courtesy of accepting its recommendation. I personally think there is a difference, and a very important one. I think the administrator, under the bill, would feel justified in making commitments over a longer period of time, and entering into, for example, the type of project we recently entered into, under different authority, namely, the Indus River Basin, going over a number of years.

It is true the commitment beyond the first year is a conditional one, but it is upon a reasonable condition, and it is a commitment on which reasonable men would rely. The Senator knows, and we all know, that if something drastic happened, Congress could, or would, repeal or rescind the borrowing authority. If war broke out, this program would undoubtedly come to an end, and undoubtedly we would not proceed in the second year. Congress would rescind it. Or, if some terrible scandal or change in conditions, that I cannot foresee, should take place, Congress would also rescind or repeal the authority. But reasonable men could rely on such an authorization to borrow.

This is true not merely as a technical matter, but we have had the experience in which Congress has controlled this kind of authority. Congress has exercised this kind of authority for many years, at least 30 years, if not longer; and the practice in these cases has been, where the Congress has solemnly and deliberately authorized borrowing authority, as is provided here, that we do not interfere with the authority except in unusual cases. In the case of the Commodity Credit Corporation, the RFC, the farm credit programs, and so on—about 20 different ones—Congress has not substantially interfered with the authority conferred.

The budget programs have been submitted, and, almost without exception, the Congress has accepted them. This does not mean that Congress does not have the power at any time to change them, but reasonable men would interpret, from the course of events, the practice of borrowing, that an administrator of programs of this kind could make commitments over the period authorized with reasonable assurance that they would be carried out. It would be conditional, technically; and if we changed it it would not be a breach of a legal commitment; it would be what we call a moral commitment. It would be up to Congress to decide whether it wished to do anything about honoring it.

But there is a difference, in my opinion, and in the committee's opinion, and

in the administration's opinion. Nobody is trying to fool anyone. I certainly would not want to say that we should accept the proposal because there is no difference. I would be deceiving the Senate. I do not want to leave the impression that there is not a substantial difference. But, on the other hand, to take the extreme view of the author of the pending amendment, the argument is going to be made here by the sponsors and the supporters of the amendment that Congress is giving up all its powers to control the future course of this program; that no longer will Congress be able to review it or have any influence on it. That is wrong, and it is not true. Congress will have the power to control, stop, or limit it.

Supporters of the amendment of the senior Senator from Virginia [Mr. BYRD] are not going to make the argument of the Senator from Louisiana that there is no difference, that the borrowing authority is just the same as an authorization. I guarantee they are not going to say that. They are going to say borrowing authority is a horrible, dreadful thing, because Congress is being asked to give up its whole power to control the program and its future course. But I say, this is not the case.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. As a predicate for my two questions, I want to say that I agree with the Senator from Arkansas in his premise that the two programs are different. There is no way to make them the same. But I disagree with him in his statement that Congress will continue to have control except conditionally. For instance, I ask the distinguished Senator if it is not true that, failing a two-thirds majority in both Houses, enough to override a Presidential veto, Congress would not have authority to call off the program if the President felt and ruled otherwise.

Mr. FULBRIGHT. It is no different from any other bill. We have not the power to pass any bill unless we can muster a two-thirds vote in favor of it to override a veto if the President wishes to veto it. No item veto is authorized of appropriation bills. The approval of the Development Loan budget would be only a small part of an appropriation bill. I want to emphasize also that this item for borrowing is only a part of the overall program of aid in the pending bill. For instance, there is \$4,300 million in this bill, of which only \$1,187 million is affected by this authority. So this is only a relatively small part of the overall program. When the time comes to act on this year's and next year's aid appropriations, the President would be in a position of having to veto the whole bill. He could not pick out just this item and veto it. He would have to veto the whole bill—a very serious responsibility—and if the Congress changed the portion dealing with the Development Loan budget, I would say any President would take a very long time before he would exercise a veto of the entire bill.

I agree with the statement of the Senator. It is true of this bill as it is of any



other piece of legislation—that Congress has no power to pass any bill, if the President vetoes it, unless it can muster a two-thirds vote to overrule the veto.

Mr. HOLLAND. In this case, without being able to muster a two-thirds vote in both Houses, Congress would not have the authority, by its own act, to call off this part of the program. Is that not correct?

Mr. FULBRIGHT. I would say that is correct. But the same is true of any other legislative act taken by Congress. I have often regretted that in these matters where we make serious and solemn commitments on important matters, we do not require more than a bare majority to carry it into effect. But that is true in the current status of the Senate rules. We have done so in the past. I have always regretted that we have moved toward a bare majority move, because I think if we make these commitments, if we are serious about the programs, they ought not to be changed for trivial reasons. It ought to take a two-thirds vote. And if it is so serious as is contemplated, or suggested, perhaps, by the line of questions, that it would require an overriding of the President's program, I have no doubt that Congress would do it. I do not see that there is any difference, on that basis, from any other act we pass.

Mr. HOLLAND. I differ with the distinguished Senator, because the other acts we pass, as a rule, deal with annual authorizations, and, as a rule, with annual appropriations; and this portion of the act, which involves an authorization for a period of years, is decidedly different from the normal action of Congress.

Mr. FULBRIGHT. May I say, in that connection, if this stood alone, unaccompanied by anything else, I think the Senator would have a pretty good point. I do not think it is a very valid point when it is only a part of the program, involving \$1.8 billion in military aid and nearly \$1 billion of other types of aid.

Does the Senator think any President is going to risk the stoppage of the whole program because of a single element with regard to borrowing authority? I do not think that is reasonable, and I do not think he would, and I do not think this or any other President would veto a bill containing an element such as this, and run the risk, or the certainty, for that matter, of having no bill at all in the field of military assistance, supporting assistance, and all the other items of this bill.

I do not think it is a reasonable assumption that the President would do such a thing. If the Congress puts a limitation on this, he would accept it, rather than to veto the entire bill. If such a provision stood alone, and with all that was in the bill, I think the Senator from Florida would have a very good point.

Mr. GORE. Mr. President, will the Senator yield, before leaving that point?

Mr. FULBRIGHT. I yield.

Mr. GORE. It is true, as the distinguished senior Senator from Florida says, that we usually appropriate on an annual basis. However, there is a procedure for a continuing appropriation,

for the appropriation of funds to remain available until expended. Would it not be impossible for the Congress to rescind such an appropriation except by mustering a two-thirds majority, if the President should choose to veto?

Mr. FULBRIGHT. Yes.

Mr. GORE. The point I am making is that there is a distinction involved. The administration under the proposal could proceed with assurance that with prudent administration the program would continue on a long-term basis. However, it would remain within the power of the Congress not only to limit the program but also to entirely repeal the authorization.

Mr. FULBRIGHT. The Senator is quite correct.

Mr. GORE. The legislation to authorize borrowing from the Treasury is, in fact, a continuing appropriation; that is what it amounts to.

Mr. HOLLAND. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield to the Senator from Florida.

Mr. HOLLAND. Both the distinguished Senator from Arkansas and the distinguished Senator from Tennessee have suggested something which I think is fundamental to the whole discussion; that is, that there has been an administration of this fund in the past which causes us all concern. The Senator has spoken of mistakes in administration. The Senator from Tennessee did not use those same words, but he implied them in his use of the term "good administration" of the fund.

I think both Senators know perfectly well that there is tremendous opposition to this program, based largely on the fact that so many mistakes of judgment have been made, and some mistakes which probably went further than mistakes of judgment, in the administration of the foreign-aid program.

I am asking the Senator from Arkansas if he does not think that one of the ways—and a very certain way—to overcome some of the opposition and some of the reluctance on the part of the general public to accept passage of the bill would be to assure the annual revision of the program by the Congress and the annual control over it, by retaining the appropriations function from year to year.

Mr. FULBRIGHT. I make two observations in that connection. One is that during this period in which many people have been very critical Congress has had exactly that authority. Congress has done exactly what the Senator has said. Therefore, I think a reasonable man would say that perhaps some different approach might be called for.

Mr. HOLLAND. Does the Senator mean it might be more wasteful?

Mr. FULBRIGHT. No. Well, that is not our objective. I assure the Senator it is not my objective to make this program more wasteful than it is.

Mr. HOLLAND. I know that.

Mr. FULBRIGHT. Nor is that the objective of the committee.

Mr. HOLLAND. I interpolate to say that I know perfectly well the motives

of the Senator from Arkansas are very fine and very high. I remind the Senator that from year to year, as he has led the fight or aided in the leading of the fight, much more often than not the Senator from Florida has voted with him, both with respect to amendments and with respect to passage of the bill. The Senator from Florida is not among those to whom the Senator referred when he said they would be against the loan approach because they are against the bill and its purpose. I am not among that group.

I feel that, after all, we are representatives of the public, and we cannot ignore the public thinking, which is that there has been too much looseness and there have been too many mistakes in this field and that some degree of reassurance should be given. I think a reasonable degree of reassurance would be given by knowledge of the fact that the Congress will not surrender its appropriation right, will continue its revision right from year to year throughout the period of this program. I am asking the Senator if he does not think that there is public sentiment adverse to this program. I believe the Senator knows there is a good bloc of such public sentiment.

Mr. FULBRIGHT. I assure the Senator that I know it. I think I receive more letters than any other Senator complaining about the program.

Mr. HOLLAND. Does not the Senator think that attitude has to be considered, and that one way to attempt to meet the attitude is to let the public know we do not intend to surrender all vestige of our control during the period of the operation of the Loan Fund?

Mr. FULBRIGHT. In my feeble way I have been trying to say that this program does not surrender the power of the Congress. I do not believe it surrenders the power of Congress to supervise, to revise and to limit the program, if Congress sees fit to do so.

I go further to say, with respect to the first part of the Senator's statement, I know that anyone can question the judgment of someone else. The committee considered this problem, even before I became chairman of the committee. This is the second or third time the Committee on Foreign Relations, deliberately, after long consideration, has decided that this kind of authority would promote efficiency of administration, rather than the opposite. It would not take away, on the one hand, the congressional power of revision, but it would give to the administration an assurance it could make longer term plans for the development of any particular country. What it will amount to is that an administrator will be able to say to a prospective borrower, "In 3 years"—to use that as an example—"I am reasonably sure I can follow through." Of course, the first year would be easy. He could say, "We can make plans for pursuing a certain development 3 or 4 or 5 years."

The administrator would have to make it clear that the program could be and would be subject to cancellation by the Congress, but it would be subject only to affirmative action by the Congress, and the burden of changing it would be upon the Congress.



I have already covered the point, and I do not wish to repeat myself, but as a practical matter, from our knowledge of the Congress, our actual practice under such authority has been that Congress has been very loath and reluctant to change, although it has the power to change.

I wish to emphasize that there has grown up a slogan of "back-door financing." I think one of the worst habits of our whole public life is the adoption of all kinds of slogans, such as "soft on communism" or "back-door financing" and so on, in an effort to simplify some very complicated concepts.

This so-called "back-door financing," which I think is an utterly inappropriate term to apply, does not mean what it is sought to convey in meaning to the public; that is, that the Congress no longer has the power to control, to change, or to limit the program. The authorization does not provide that. It would change the burden of taking the affirmative action from the administration to the Congress.

This is important. We know it is important in a great body with 437 Members in the House of Representatives and 100 in the Senate. We know it is a tremendous burden to move anything through this body, whether it be on the part of the administration or on the part of those who seek to upset it. It is a very arduous thing to get anything through the two bodies of Congress. These things are very carefully examined. Time is required. A small, determined group can do a lot to prevent something from passing. We know all those things.

I do not wish to minimize the importance of this. I cannot go along with the Senator from Louisiana when he says, "This is all the same; therefore, why do you want it?"

I think there is a very important difference. I disagree that the Congress will be giving up the power to carefully examine the program and to limit it, as is true under the present system. Congress will look at the budget estimates just as carefully. The business-type budget will have to be presented to the committees.

The committee cannot merely say, "We do not like it," and do nothing. If the committee wishes to make a change, it must say that, "For such-and-such reasons" which I assume must be reasonable or affirmative reasons—"we are going to take affirmative action." The only limitation, as the Senator has said, is that there would remain the power of veto. But I submit that since this question is only a part of the program that will be presented, as in the past, it is a part of the overall program, and it would be an extremely serious thing if the President would ever veto such a bill.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. I have great respect for the Senator. I know he is devoted to this cause.

Mr. FULBRIGHT. I am not devoted to "this cause" in the sense that the bill is my bill. It does not mean any more

to my State than to any other State. But I rather dislike always having the bill called "the Fulbright bill." There is no such thing. I handle the bill only because I am chairman of the committee. I think the bill is in the national interest, and I do not want to take all the responsibility for the bill.

Mr. HOLLAND. I revise my statement by saying that I believe the Senator has one of the most difficult positions of leadership in the Senate. He has fulfilled his responsibility well, and I am sure he is doing a fine piece of work on this measure.

If I thought the Senator was correct in the conclusion which he stated, I would be asking the Senate to change our practice with reference to domestic improvements of the greatest importance. I am perfectly willing to come here 1 year and ask for funds for advance planning to improve an important river or for a navigation project, and the next year to ask for a slice of the structural or construction appropriation. Following that, year after year, I would make my request. I think that is the sound way to approach the matter. Certainly we have not even considered appropriating in advance to cover advance planning and each year's construction right through to the end, because Congress has insisted upon keeping jurisdiction of those questions and reviewing progress, and considering the kind of future action which is proposed in each of the reports. If I felt the Senator was correct in his position, I would feel that the program should be extended to important projects in our own country, to which we have never even considered extending the principle.

I believe that much of the value of the supervision of Congress, which is our duty, would be lost if we did not retain with that supervision the power to control appropriations from year to year. That is our policy and our principle in connection with domestic projects of the very greatest importance, not only to local communities, but to the whole Nation.

I feel that the Senator is not sound in his conclusion that his proposal should apply to very important commitments of funds by our Nation, but that the principle should not be applied on the domestic scene.

Mr. FULBRIGHT. I hope that I have the attention of the Senator from Florida, because he has raised a very important question.

First, I note that the operation would be a lending operation and not an expenditure upon a development. In the bill are items such as supporting assistance, technical assistance, and so on, which are comparable, I think, to a program of development internally. We are not asking borrowing authority for those items. I emphasize that we are asking for appropriations for the operating part of these projects as we do for domestic operations. But for dollar loan purposes we ask for borrowing authority just as we do for similar domestic programs. Since some forget this point, I want to read into the RECORD quickly a list of agencies dealing with domestic operations, with respect to which this identical

procedure for financing has been followed:

Reconstruction Finance Corporation.  
Commodity Credit Corporation.  
Defense Production Act of 1950.  
Export-Import Bank of Washington.  
Federal Deposit Insurance Corporation.  
Farmers Home Administration.  
St. Lawrence Seaway Development Corporation.  
Federal home loan banks.  
Federal National Mortgage Association.  
Housing and Home Finance Administration.  
Federal Savings and Loan Insurance Fund.  
Rural Electrification Administration.  
Federal Ship Mortgage Insurance Fund.  
Federal Civil Defense Act of 1950.  
Small Business Administration.  
Informational Media Guaranty Fund.  
Veterans direct loan program.  
Investment guaranty program.  
Panama Canal.  
Virgin Islands Corporation.  
District of Columbia.  
Helium Act, as amended.  
Area Redevelopment Act of 1961.  
Tennessee Valley Authority.

These were all important domestic concerns. The Senator from Florida was not here when all those programs were submitted, but I have no doubt that the Senator has voted for many of them, in which he has done what he said he did not think his constituents would want. The Senator said that we had given up authority to review and to limit these activities. I can only say that the Senator is in error. We did not given up the authority to limit them. We used borrowing authority, for the very good reason of providing some continuity of operation, and of giving the Administrator some opportunity to lay down plans in order to develop programs. Of course in those operations there may have been some defects here and there. Nevertheless, all, or certainly a great majority of those operations, were great projects that meant a great deal to this country.

I know that the ones with which I am familiar were helpful to my own State and I believe to the national welfare. But I think that the reasoning of the Senator from Florida is not sound in that sense. I make that statement with all due deference. The program about which he is talking is not the kind of program that would provide grants for development. It is a lending program, similar to many of the other programs I have mentioned, and designed for the same reasons. It is proposed to provide some continuity for operations in foreign fields.

The Senator made the comment that we are dealing with foreign countries, as opposed to operations in the domestic field. In our long exercise of congressional procedure in the United States, we have developed great confidence among ourselves and our own people. All the projects of a domestic nature which the Senator has mentioned had supporters within the Congress and without the Congress, including constituents, lobbyists, and others. So there is a feeling of assurance and confidence on the part of the people in my State, for example. They feel assured when Congress says, "We authorize a program on the White River." Finally the first downpayment



is made, and the people feel an assurance that they can trust the Congress, because the Senator from Arkansas [Mr. McCLELLAN], a prominent and influential Senator, and a number of prominent Members of the House are watching their interests. They can proceed with assurance.

None of this assurance is present in a foreign country. In most cases we are dealing with people who know very little about us, and there is no reason for them to have the same feeling about an administrator who says, "I think perhaps we might be able to get more money."

He can always point to what the experience has been in the past. There has been no continuity. I think this point enters into one's judgment as to whether or not the contemplated approach is a reasonable way to proceed, and whether the program is an efficient one.

Mr. HOLLAND. Mr. President, I have one more comment. I am very appreciative of the courtesy of the Senator. I remind him again that he is not talking to one who has not voted with him on these programs, and he is not talking to one who does not expect to vote for some substantial program this time.

I invite the attention of the Senator to the fact that we have proceeded by back-door financing in several domestic fields to a greater extent than I would have liked. While we have had a good deal of grief from some of the projects, we have not done so in financing other projects that are exactly alike. With respect to many projects, we will be asked to make loans out of this fund. I refer to such projects as the development of flood control projects, the development of navigational projects, the development of power projects, and the development of highway projects. The Senator will remember that we are now in the midst of a very important and expensive highway system construction program. Only a few days ago we passed—and I note the President has signed—a measure that was prepared by a subcommittee over which I happen to preside, which appropriated for expenditure this year approximately \$3 billion for the Federal part of the Interstate Highway System. The Senator from Louisiana has been working for months as few Senators have worked in trying to bring out a sound public works appropriation bill which is based upon the idea that the projects which may be approved for their progress and for their promise for the future and for their soundness from year to year will get into that bill and that the others will not.

We have not been willing to apply to matters of the greatest importance to us and to our people the principle which the Senator from Arkansas advances with reference to the loan fund in the pending bill. I do not believe any Senator would have any serious thought of doing such a thing.

Mr. FULBRIGHT. The Senator completely ignores the distinction I tried to make, that all of these important activities that he has mentioned are not insignificant. The Tennessee Valley Authority, Rural Electrification, small business—I shall not name them all—are all

lending operations. That administrator, in a lending operation does not know in advance who the borrower will be or what the loan will be. He cannot schedule an imagined program. When we gave authority to the RFC to borrow, they did not come in and lay out the program. It is impossible to do so. That is why there is a difference in the method of financing. Other portions of the aid program are comparable to the program the Senator mentions. We do not ask for borrowing authority in those cases. But in the case of loans, the administrator cannot come in and program them in advance. This is utterly different.

This is one of the inconsistencies which has resulted, in my opinion, in contributing to much of the inefficiency and ineffectiveness of the program as it exists. Congress has insisted upon requiring for one kind of operation a procedure which is appropriate to another kind of operation and quite inappropriate to this kind of operation. This is basic to this program. I do not believe that the Senator, whatever he may finally agree on, ought to compare this with our domestic road program. He ought to compare the road program with the grant portions of the aid program. We are not asking for borrowing on the grant parts of the program.

Mr. HOLLAND. The Senator has been extremely gracious. I would remind the Senator, however, that in the field of development of hydroelectric dams for public power, which is certainly a controversial field domestically, we have not even sought to proceed other than on the basis of annual appropriation.

Mr. FULBRIGHT. What about TVA?

Mr. HOLLAND. In connection with TVA we got away from any further Federal appropriations for development by finally giving to the TVA itself—very unwisely, I thought—the authority to borrow.

The second point I make today is that in our Constitution itself there is a provision giving Congress power, "To raise and support armies" with the proviso that appropriations for such purpose cannot be made "for a longer term than 2 years."

We have a settled responsibility here to try to keep control of the important operations of this Government. Recognizing fully the good intentions of the distinguished Senator from Arkansas and his committee, and having the greatest confidence in most of the things his committee recommends, as the RECORD will show, I nevertheless do not feel that when we are doing this important job for the rest of the world we can afford to follow a principle which we refuse to apply to much of our most important work here.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Missouri.

Mr. SYMINGTON. I congratulate the able Senator from Arkansas for his logic in the matter under discussion which in effect states the principle: Shall we give the same type and character of good business management to taxpayer money we demand in a corpo-

ration, or shall we not? The Senator from Florida mentioned what the Constitution states about the Army. Over the years, as other services came into being, it was found this clause in article I, section 8 of the Constitution was, from a practical standpoint, unworkable; and therefore methods for circumventing it were established as procedure in the operation of our defenses.

I remember one of the so-called back-door financing undertakings. It had to do with the Reconstruction Finance Corporation, originated at the time of our most serious domestic economic trouble—the depression of the early thirties.

The Reconstruction Finance Corporation was originated by Mr. Herbert Hoover. This back-door financing agency saved a large bank in Chicago, with a loan of some \$90 million. Then it began to save railroads, under long-term agreements. Their work would have been impossible unless it had embraced long-term financing.

It was my privilege at one time to direct the policies of the Reconstruction Finance Corporation and its relationship to industries and banks. It would have been impossible to run those projects under sound accounting principles, with good business management, unless there had been some of this back-door financing.

I would think it important to maintain now, on an international basis, the same type and character of procedure we maintained when we were in serious domestic difficulty.

There are countries we are anxious to see remain free and grow; and it would seem necessary to place ourselves in a position where we can say to them, "If you will agree on certain terms as to the nature of your progress, we in turn will agree, over a period of time, to give you the following financial assistance in the form of a loan."

If we offered a loan on the basis of "Well, we will do it this year, but cannot let you know at this time whether we can commit ourselves for next year," there would be difficulties, based on what I have seen in foreign countries, places where we offered no assistance until it was too late.

Now as far as the law is concerned, and the assertion this proposal is in any sense unique, I would present, if I may, to the Senate and the able chairman of the committee a law "Limitation on Administrative and Nonadministrative Expenses, Federal Housing Administration," contained in Public Law 86-626, July 20, 1960. This is a Government corporation subject to the Corporation Control Act, and there follows what that particular law provides:

**LIMITATION ON ADMINISTRATIVE AND NON-ADMINISTRATIVE EXPENSES, FEDERAL HOUSING ADMINISTRATION**

For administrative expenses in carrying out duties imposed by or pursuant to law, not to exceed \$8,550,000 of the various funds of the Federal Housing Administration shall be available, in accordance with the National Housing Act, as amended (12 U.S.C. 1701), including uniforms or allowances therefor, as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131): *Provided*, That funds shall be available for contract



actuarial services (not to exceed \$1,500): *Provided further*, That nonadministrative expenses of all kinds regardless of source classified by section 2 of Public Law 387, approved October 25, 1949, including all appraisal fees regardless of source or method of financing shall not exceed \$50,000,000.

In other words, here is a clear and current case of so-called back-door financing, written into law on a domestic program. This program is important, but surely from the standpoint of the security of our country not as important as the program which the distinguished chairman is now presenting in his typically able fashion to the Senate.

I thank the Senator from Arkansas. Mr. FULBRIGHT. I thank the Senator from Missouri for his observation. He is, of course, quite correct. It seems unfortunate to me that those who have opposed the program and criticized it most vigorously insist that we not permit any improvements to be made. If they do not like this way of improving it, I should like to have some suggestions as to how they think the program can operate more efficiently. I do not see how operation on a hand-to-mouth basis can be justified without any chance of improved administration.

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. GORE. I wish to suggest one additional thought for the benefit of the distinguished senior Senator from Florida.

Mr. HOLLAND. I appreciate any suggestion made for my benefit. I shall listen very carefully to it.

Mr. GORE. I mean that in the proper light, because I know the able Senator from Florida is interested in the international security programs. He has been a supporter of them, and in this case I feel certain he wishes to have the fullest possible measure of understanding.

I suggest that we are undertaking to induce other countries to make reforms within their own domestic economies—tax reforms, monetary reforms, and the like; and to institute within their societies changes which will promote the development of the democratic processes, which will promote beneficial economic policies, policies beneficial to the broad mass of the people.

These changes are resisted and will be resisted; but in the considered opinion of the Committee on Foreign Relations and many other students of international affairs, certain changes, particularly in countries in Latin America, are necessary in order to avert revolutions and possible overthrows of governments.

This is a program, in essence, to help underdeveloped countries to help themselves. The power of inducement is multiplied by the capacity of the administrators of the program and the President to proceed on a longer term basis than annual appropriations provide. I simply wished to offer that additional thought. It is one additional reason for the necessity of the longer term authorization, which does not prevail to the same extent with respect to an irrigation project or a hydroelectric dam project within our own country.

Mr. FULBRIGHT. Mr. President, I express my appreciation to the Senator from Tennessee. What he has just said is significant. When these programs were started in the Marshall plan era, we were dealing with highly developed, sophisticated countries, in which there was no need to consider so-called changes of conditions. Those countries already had very advanced, prosperous civilizations, but they had been destroyed to a great extent by the war. That was a different thing.

In dealing with the underdeveloped countries, we have found by experience that very drastic changes are called for in many areas, as has been set forth in the Act of Bogotá. In those areas, unless we can prevail upon those countries to make serious changes—and many of them wish to make such changes—the program will not succeed. The comment by the Senator from Tennessee is extremely important in justification of the change. This is the only way the committee could think of to be able to go to a country and propose that it undertake long-range changes. The countries will not undertake changes except in a long-term form. No country can be expected to change its ways suddenly. If we request that they make changes, it is necessary to have more assurance than there is under the annual authorization process that we will continue our participation in whatever project is undertaken.

If the Senator from Florida refuses to give that kind of authority to the Executive, and if he is not satisfied with the present authority, I should like to know what he would suggest to improve the administration's program.

Mr. HOLLAND. Mr. President, let me address myself first to the comment made by the distinguished Senator from Tennessee. I remind him that the Senator from Florida has not been unwilling at all, but has joined in establishing certain lending operations or in helping to establish them. The Latin American Bank, which is a major enterprise, in which the United States is contributing a large part of the capital, is one example. The capital can be loaned to a bank, and the bank, if it is sound, can borrow from others. That is an enterprise the Senator from Florida has supported.

The Senator from Florida has supported the World Bank. He has supported the creation of the International Development Fund. All those activities are based on the lending of money which Congress has appropriated.

Here it is proposed to allow a lending agency to draft upon regular resources in the Treasury for a long period of time, without mutuality, and placing our participation in the funding of such money operations on a preferred basis, so far as the appropriation is concerned, above the funding of the same kind of operations in our own country.

I notice that the Senator from Arkansas mentions the REA as one of the agencies which was empowered to do back-door borrowing. There is a certain amount of truth in what he says. However, the fact is that the REA is limited in what it can lend, by the action of Congress upon the report of the

agricultural appropriation bills each year, as to what it can get from the Treasury and can then lend to the REA and the Rural Telephone Association. Incidentally, they take security for repayment. However, my point is that it is not open-ended authority to draft upon Uncle Sam's dollars in the Treasury at will, but instead is limited by annual appropriations. To that degree, the REA does not come at all within the area of the unlimited back-door borrowing which, for instance, the Reconstruction Finance Corporation had, an agency which was set up in the depression years as a depression measure. The Senate will remember that when the depression years were over, there was an immediate effort to close out the RFC, and that effort, in which Congress joined, was eventually successful. I suspect that Senators who are now participating in this debate voted for the discontinuance of the RFC, which had that special type of power, when it was clear that there was no emergency need for that power to be further given.

Mr. FULBRIGHT. I wish to correct the Senator. I did not vote to abolish the RFC. I think its abolishment was a mistake. I think experience has shown that its abolishment was a mistake. It was necessary for Congress to turn right around and create the Small Business Administration, which now has the authority which the RFC had. That agency is in existence today, but I know of no one who is seeking to abolish it.

What happened in the case of the RFC was that in an effort to improve the administration of that agency, a misconception arose that it was a bad agency. Those who had always opposed any kind of Government activity in this field took advantage of the misconception and succeeded in having the agency abolished.

The RFC was a very good agency. On final liquidation, it showed a net profit of more than \$300 million. Congress often makes mistakes, but I do not like to be reminded of them. The abolishment of the RFC was one of its mistakes. The RFC was a going concern. It had a mass of experience with which to work. The Small Business Administration is a worthy successor, but I doubt that it has done as good a job as RFC did, or better. However, that is beside the point. I did not vote to abolish the RFC. Its abolishment was a mistake.

Mr. HOLLAND. The Senator from Florida did vote to abolish the RFC. He believes a vast majority of the Members of both the Senate and of the House did so, because they realized that it was an unusual emergency organization. When the emergency had passed, Congress abolished the agency. But they realized it was an unusual organization, formed to deal with the emergency; and when the emergency passed, they abolished the organization.

I call the Senator's attention to the fact that the Small Business Administration does not begin to have either the power or the finances of the Reconstruction Finance Corporation. The field of the Small Business Administration covers only a small part of what was covered by



the RFC. The Small Business Administration could not have begun to make the loan to the Dawes Bank, of Chicago, or the loan of \$4,500,000 to the Everglades Drainage District, in Florida, which I happen to know about, or many, many other loans to public and private institutions which in no sense were in the field of small business. The Small Business Administration is exclusively confined to the field of small business, except in the case of the disaster loans, which are in a completely different field.

I thank the Senator for his courtesy.

Mr. ERVIN. Mr. President, will the Senator from Arkansas yield for a question?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). Does the Senator from Arkansas yield to the Senator from North Carolina?

Mr. FULBRIGHT. I yield.

Mr. ERVIN. I think the Senator from Arkansas will agree with me on the proposition that the Constitution of the United States gives the Congress power to control the purse of the Nation.

Mr. FULBRIGHT. Yes.

Mr. ERVIN. If Congress were to pass legislation granting to those who administer this loan program authority to finance it for a period of 5 years by obtaining loans from the Treasury, instead of by obtaining the necessary appropriations from the Congress, is it not true that Congress, by enacting such legislation, would deprive itself of the power of the purse, insofar as this program is concerned, for a period of 5 years, unless at some time during that period it took affirmative action to recover that constitutional power?

Mr. FULBRIGHT. I do not agree that that is a fair representation of the situation. The Senator from North Carolina is extremely astute in the handling of matters of complexity, such as this. I would say Congress would not thus deprive itself of any important power to control the purse. What we propose here has been done in many cases; and I think Congress still controls the purse.

Under this plan Congress would have every power to control the purse that it has had before. The question of whether such action is taken on its own initiative or in response to stimulus by the administration seems to me to have nothing to do with the situation. Congress still has control of the purse and still has the power to rescind, abolish, or control in any way the amount of money to be spent.

Mr. ERVIN. I agree with the Senator that Congress would still have power by affirmative vote to recapture its right to exercise that power.

Mr. FULBRIGHT. And Congress could do it annually, too—not deferred for 5 years. Congress can do it next year.

Mr. ERVIN. Yes. But unless Congress did step in and, by affirmative vote, recapture its right to exercise this power, the power would be exercised by those charged with the execution of the program, would it not?

Mr. FULBRIGHT. I think that is correct. But I do not see that that presents any constitutional question. The

Constitution does not provide that in the exercise of this power, Congress must respond only to a stimulus or requirement from someone else. Congress can take affirmative action without any stimulus from the administration, if it chooses. Congress can exercise the initiative on its own directive, or in response to a request, or in any way it chooses. Congress has the power to provide for the expenditure of the funds.

Mr. ERVIN. Does the Senator from Arkansas agree with me that if the Congress does enact this bill in its present form into law, it will be delegating to the ICA or to those who may be in charge of the execution of the program the power to exercise what is actually a congressional power, namely, the power to appropriate and make use of money for a period of 5 years?

Mr. FULBRIGHT. I do not see that that is deciding in this case, any more than when Congress makes money available to the Department of Defense. Once the money is made available, the Department spends it.

Mr. ERVIN. I disagree with the view that Congress does that in the case of the Department of Defense. Congress first passes authorization bills, and then proceeds to appropriate the funds, annually, for defense purposes. That has been true ever since I have been in the Senate, and, so far as I know, before I came to the Senate. I think there is no similarity between that process and the proposed loan program.

Mr. FULBRIGHT. A moment ago I made a distinction between a loan program and a spending program. But even so, very broad authority is given under contract power or authority. But today the Defense Department has so much power that there is no doubt in the minds of those in the Department that they can get whatever they need from the Congress, regardless of whether authority for it already exists.

I mentioned the case of the Export-Import Bank of Washington, the Farmers Home Administration, the St. Lawrence Seaway, and various other organizations—all these lending agencies with borrowing authority; and the Senator from North Carolina and his predecessors in this body have voted for them.

Mr. ERVIN. I can state that whenever I have had a chance to vote against what is popularly known as backdoor spending, I have consistently voted against it.

Mr. FULBRIGHT. I do not agree with the use of the term "popularly known." The phrase "back-door spending" is generally used by those who are opposed to the programs. But the Secretary of the Treasury defends this plan; and it is just as much "front door" as "back door."

Mr. ERVIN. I was not using that phrase critically.

Mr. FULBRIGHT. But it is always used critically. I said "the Senator and his predecessors." I mean that Members of Congress have voted for these for years. Actually, the Senator from North Carolina was not even here when some of them were voted for, and neither was I. But Congress has approved all of these.

Mr. ERVIN. Does not the Senator from Arkansas think there is a vast distinction between those charged with our national defense, who have been trained for that purpose, and those who administer programs of this kind, who in many cases are not experienced?

Mr. FULBRIGHT. I agree. I said Congress has confidence in them. Those who administer our national defense have, in fact, inspired so much confidence, in one way or another, that we are virtually their agents; and, in fact, we press upon them more money than they request—as we have done now. This, to me, is not a rational procedure. To me, it is an indication that we are not very far removed from the old tribal society, and that the only thing we do with enthusiasm is to get ready to bash somebody in the snoot. That is the way Congress seems to operate continually.

Mr. ERVIN. But the congressional procedure—

Mr. FULBRIGHT. And it is a very casual one.

Mr. ERVIN. No—

Mr. FULBRIGHT. I say it is notorious that in many cases biggest bills are passed without even a record vote; or if there is a record vote, the bills are passed almost unanimously. I have read accounts of the passage by the House of \$30 billion bills with only 4 or 5 Members on the floor. In short, the Members realize that the bill will be passed; so they ask, "Why go there and waste time on it?"

Mr. ERVIN. I want to thank the Senator from Arkansas for yielding. I also wish to ask him one other question. Does not the Senator have misgivings concerning a program which is based upon the thesis that we ought to tell any country that we aid that they are conducting their affairs unwisely?

Mr. FULBRIGHT. I have very great misgivings about this whole undertaking, and have had from the beginning. There is no question about that. The point at issue, it seems to me, is not that. In my view, the point at issue is that, since we have the program, and I am convinced we are going to have it whether I am for it or not, it is my purpose to try to make it as efficient as we can and try to give those in charge of it the appropriate tools with which to discharge their duties and obligations. It seems to me very unfair to have a program and expect them to carry it out, and then hogtie them so that they cannot do it.

As for the basic problem of whether we should be in this program at all, I have been very much bothered as to whether a country set up as we are, a huge continental country, dominated to a great extent by local and provincial interests, interests which are perfectly proper, will be able to conduct continuous programs in the international field that will be effective. I think we must resolve that question. I am not at all sure we can do it, because we are very inexperienced people in any kind of international relations except war. The only successful international enterprise which we have enjoyed is in the prosecution of war. We have done that twice in recent years. With nuclear weapons,



I do not know. I will leave that for future discussion.

I share the Senator's misgivings. The United States can, with all its great virtue, provide a good life for its people, developing the country locally. But so far as concerns playing a responsible, intelligent part in international relations, I share the Senator's misgivings, because we refuse to give any continuity to plans, in any respect, not only in this field, but in other fields, for the next year or the year after. We always look at them as if they were domestic, local matters, and as though we were the city council.

I have misgivings about our capacity to run these programs. But the decision that we participate in international affairs was made before I came to Congress, and I have a feeling it will continue, because there is the feeling that we should participate. So we have this bill. We are going to pass it. The only point at issue is, are we going to give it a reasonably good chance to succeed, or tie it down so it will not have any chance to succeed? That is the only point at issue.

I solicit the Senator's sympathy. The question is not whether we should have a program or not. I have great misgivings—

Mr. ERVIN. Mr. President, if the Senator will yield, I wish to make an observation that I have very grave misgivings about a procedure which involves winning friends and influencing people by telling them they are acting a very unwise way and that they should change their ways. I have had that kind of misgiving for a long time. I remember, as a child, hearing my maternal grandfather, whose name was William E. Powe, tell a story that one time many years before when he was driving a buggy by a house, he heard a woman in the house scream as if she was being murdered. He jumped out of the buggy, ran up to the house, looked through the open door and saw a man he knew beating his wife. My grandfather said, "John, you ought to be ashamed of yourself, beating your wife." Whereupon the wife reached down to the hearth picked up a skillet and brandished it at my grandfather, and said, "Mr. Powe, if my husband wishes to beat me, he has a perfect right to do it without strangers interfering."

I fear we are going to make more enemies than we make friends by going into countries and suggesting that they ought to change their ways.

I thank the Senator for his courtesy in yielding.

Mr. FULBRIGHT. I think the Senator can make a good case for his view, but I do not see that it is relevant as to how the program is financed. His point is relevant to whether the program should be in effect. However, in the Act of Bogotá, we did not inspire these provisions about reform. The Latin-American countries themselves were anxious to enter into the obligations of reform. I had the feeling, and still have, that many of the enlightened leaders, of which there are certainly some in those countries, desire the support of this

country and our policies in helping them to achieve what they know to be necessary to bring their countries to a more enlightened and progressive administration. But I submit that what the Senator now mentions has nothing to do with how the program is financed. Even though he decides to vote against it because he is convinced—and I certainly have great respect for him; he is one of the most highly intellectual and intelligent Members of this body; and I have often observed it; and I regret I do not agree with him on this—and even if he is going to object to the whole program, at the same time recognizing, however, that it will probably be enacted, I ask him not to hogtie it so it will not be effective. Even though he thinks it is a misguided program that cannot succeed, at least give it a chance. Do not permit our commitments to be burdened with the hobbles which we all feel have developed in a program that is less than satisfactory and that needs improving.

Mr. President, I have taken longer than I intended to. I appreciate the interest of my colleagues in this matter. It is an important matter. I always regret that it follows an appropriation bill for the armed services, in which we have already approved a program for the expenditure of almost \$50 billion, which was enacted with great enthusiasm. I heard no one saying it was a disagreeable or disappointing program. I venture to say it is not entirely without waste, as we use that term. I point out that \$1,800 million of this program is for the military, and that fact should be realized. It is for military arms; it is not for economic improvement. I personally feel that economic improvement is of greater future significance to the country than military aid. But that military item is in here, and it should be realized that the same military personnel who are going to use the military appropriations are going to be the ones concerned with the \$1,800 million provided in this bill.

Mr. ERVIN. Mr. President, if the Senator will yield, I will say that I look with favor upon a program which gives military aid to nations which have manifested a willingness to stand on the side of the free world in any possible Armageddon with Russia. However, with the bill as it is drawn, even though I favor the military aid, there is no way I can take the orange juice without taking the castor oil with which it is mixed.

Mr. FULBRIGHT. If I ever saw a country that needed castor oil, it is this one. I hope they will take it, if I can persuade them to do it. But it is a strange thing that, when the military appropriation bill comes before us, everybody falls over himself recommending it. This is not ICA military aid. The very same soldiers are going to administer this military aid as are going to administer the military appropriation bill.

Mr. ERVIN. Can the Senator tell me some way in which I can vote for the military part of the program without voting for the other part? Is that not a legislative impossibility?

Mr. FULBRIGHT. No. I suppose the Senator could move to strike out every

part of the bill except for military aid. That is always possible. I do not know of any rule of the Senate that prevents him from moving to strike everything from the bill except the part pertaining to military aid. I hope he will not do that, but he has a right to do it.

Mr. ERVIN. But that is procedure which does not exist when the bill weathers such proposed amendments and is put on final passage.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SYMINGTON. Does the Senator not agree that when a country is extremely in need and is very new and requests no military aid be given to it, but a relatively small amount of economic aid, that request should be given some consideration from the standpoint of our foreign policy?

Mr. FULBRIGHT. I certainly would agree with the Senator. The subject opened up by the Senator from North Carolina is a very broad one. I was tempted to get into it, but I thought, having occupied the floor a very long time, it would be better not to enter into the wide general policies involved in the administration of this program.

Mr. SYMINGTON. Mr. President, I shall speak at further length on the bill.

Mr. FULBRIGHT. I hope the Senator will.

Mr. SYMINGTON. Based on what the Senator has said, I shall try to develop the point.

Mr. FULBRIGHT. I hope the Senator will. I do not wish to cut the Senator off. I simply do not care to occupy the time of the Senate too much.

Mr. SYMINGTON. I understand. I appreciate the Senator's courtesy. I do not consider myself to be cut off at all.

Mr. FULBRIGHT. I would welcome the Senator's observations. I hope he will make his comments when more Senators are present. As the Senator knows, few Senators are now present.

Mr. SYMINGTON. I think, considering the way the Senate has been going lately, a surprisingly large number of Senators are present.

Mr. FULBRIGHT. In any case, apropos of the remarks of the Senator from North Carolina, the broad subject brought up causes me to add only that when the Senator says he would advocate giving aid to those who pledged themselves to stand up in an Armageddon I do not disagree, to a point, but I would remind the Senator that the object of this program is not solely, nor perhaps even primarily, to win an Armageddon. The object of the program, I think, is to prevent having an Armageddon.

I know the Senator is aware of the fact that many responsible people say that if we have an Armageddon between 125 and 150 million people will be killed. Frankly, while I have gone along with all of the military appropriations, and shall continue to do so, it seems to me that some of us ought to be concerned with how to prevent an Armageddon from taking place.



Many people have concluded that this is hopeless and have said, "We are going to have a war anyway, so forget about anything designed to prevent the Armageddon."

Essentially the part of the program I am now talking about is designed not to win an Armageddon, but to try to create a condition which will prevent it from coming about. This is a program for peace, rather than a program of preventive war. We wish to prevent the outbreak of war, rather than to get the war over with.

I am always amazed when I see intelligent people get so frustrated that they say, "If we are going to have a war, let us have it now and get it over with, for I am tired of worrying about it." That is somewhat comparable to the man who jumped off the bridge, who said, "I am going to die some day, so I might as well get it over with." And he died then. This is the result of frustration and disappointment by lack of success of our policies.

I wish to say, since we have opened up the subject, I think many of us—I hope I do not—overstress our difficulties.

I note quotations in the newspapers. Many people say that we have lost the cold war, that the program has gone down the drain, that our program is no good at all. I think this is an utter exaggeration of the fact.

I noticed in this morning's newspaper that the British Empire has agreed to join the Common Market. This is an extraordinarily significant thing, which passes almost unnoticed in our press, because of a preoccupation with hijacking. It is extremely important. If these people actually do merge their great countries, there will be a great advance in the power of the free peoples of the world. This is what has been lacking among us. I think if it happens, eventually, this country will give serious consideration to joining, and eventually will probably join, because it is in this direction in which the salvation of the free peoples lies.

These are very broad questions of policy which do not go to the question of financing of this particular activity. I wish to remind the Senator from North Carolina that the program is designed—perhaps only hopefully, but it is so designed—to try to prevent the Armageddon which he mentions in regard to the arms program.

It is not contended that this procedure will have no effect in limiting the authority of the Appropriations Committees and the Congress. While there will be unquestioned authority to reduce or even eliminate funds available for development lending, in practice the Appropriations Committees in the past have seldom exercised this authority with respect to such Government corporations and agencies as the Export-Import Bank.

The reason for this restraint lies in the fact that authorizing legislation sets forth the intent of Congress, and it is not properly within the domain of the Appropriations Committee to reverse the legislative intent through the device of reducing or eliminating the funds.

The distinction between legislation and the limitation of funds is one that is clear in theory but fuzzy in practice. The important point here is that under the aid bill and the Government Corporation Control Act it is left to the Congress to determine where the line is to be drawn. In short, the legislation before us does provide for restraint on the normal appropriations process, but it is self-restraint. This being so, there can be no danger of Executive usurpation. Congress is indeed being asked to give new authority to the Executive. The commitment is a real one, but it is also tentative, subject to modification or withdrawal.

Mr. President, I have a very fine editorial from the Kansas City Star entitled "Back-Door Aid Is Just Business Sense." The Kansas City Star is one of the great conservative newspapers of this country. I ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### BACK-DOOR AID IS JUST GOOD BUSINESS SENSE

In less than a week, both the House and Senate Foreign Affairs Committees have endorsed President Kennedy's foreign aid program. Each committee made relatively small reductions in the recommended appropriation. But each approved what is the real heart of the program: the 5-year authority to borrow money from the Treasury for long-range aid to developing nations. On the floor, we can be sure, the fight will center on this so-called "back-door spending." But committee approval should carry some weight.

It is unfortunate that this type of spending should be burdened with the prejudicial back-door title. It conjures up pictures of foreign aid people sneaking out of the Treasury, money sacks loaded, while no one was looking. The picture is false. Careful checks would still be possible. Congress would still hold the power of investigation.

Besides, how can we expect the developing nations to limit their development to 1 year at a time? Such a piecemeal approach is contrary to the recognized practices of private business and governments alike. It simply does not make sense.

Moreover, the money at issue would be used for loans, not grants. The House bill provides that the repaid loans would go into a revolving fund for aid purposes. The Senate committee calls for repayment to the Treasury general fund. At any rate, we have nothing here that approximates the giveaway.

We can understand the emotionalism that surrounds back-door spending in Congress. Many lawmakers regard the device as a method of bypassing the traditional authority of the Appropriations Committees. Obviously this method of "spending authorization" should be used with extreme caution. We would hate to see it become standard practice. But the Nation, and its Congress, must realize that in cold war, certain methods may be the most efficient, even though, under other circumstances, it would be better to avoid them.

Frankly, we would be much happier if this were a time in which the great burden of aid could be laid down and forgotten. But today the United States has no choice. The expense must be borne. The job must be done. It must be done in the most efficient manner possible.

Back-door spending is simply a means of obtaining efficiency. In effect, it means that the United States would be able to

assure the developing nations that they could safely plan ahead. It would let them know that a change in the political climate here would not cut off their source of borrowing. It is ridiculous to think that the other countries can move forward on a year-to-year basis. Yet the recipient nations have no assurance, at present, that a project once started will not have to be halted for lack of funds.

Under back-door spending Congress would retain its control over the total amount to be passed out in loans. It would be able to extend the program, once the 5 years have ended, or to end it then and there. Perhaps, at the end of 5 years, so massive an aid effort would no longer be necessary.

Mr. FULBRIGHT. Mr. President, the enactment of the borrowing authority in the aid bill will thus constitute an expression of intent on the part of Congress to provide funds over the 5-year period. The executive branch will be free to make conditional commitments of these funds. In effect, the burden of initiative is shifted from the Executive to Congress. The Executive will be entitled to assume that funds will be available while Congress, if it chooses, can reduce or withhold funds for "affirmative reason."

The Executive is further required to submit quarterly reports on lending operations to Congress and an annual presentation covering all development lending operations must be made available to the authorizing committees of Congress. The ultimate authority of Congress is retained in its power at any time to change the lending criteria or to curtail or even to end the borrowing authority or any part of it.

While Congress thus retains legislative control, the program would have the great merit of encouraging recipient countries to undertake comprehensive development plans with reasonable assurance that programs undertaken would be supported through completion. Continuity is essential to economic growth. Without it there can be neither efficient nor economic use of resources. Moreover, our ability to pledge aid in advance should be a major factor in obtaining assurances of contributions from other industrialized countries. The Committee on Foreign Relations firmly believes that the long-term borrowing authority "will promote efficiency, economy, and above all, durable economic growth."

The Soviet Union has most skillfully used its ability to make long-range commitments for the purpose of subjecting developing nations to economic dependence on Soviet support. The long-term borrowing authority will enable the United States to help developing nations to become self-sufficient, independent of American support and of Communist enticements as well.

Supplementing the hard loans for development, the bill authorizes \$380 million in development grants. This category of aid is comparable to technical assistance under existing programs. In short, it is intended principally for the development of human resources in societies still in the earlier stages of economic development.

The military assistance provisions of the bill are based on the conviction of Congress, as expressed in section 502 of



the bill, that "the security of the United States is strengthened by the security of other free and independent countries."

Mr. GORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GORE. Before the Senator proceeds further beyond the treatment of the loan program, I wish to invite to his attention the fact that many people refer to the loan program as a giveaway program. It is true that some loans may never be repaid. I suppose every bank

operates upon the assumption of such a possibility.

Lest this canard go unanswered, I should like to invite to the Senator's attention the fact that through Democratic and Republican administrations from July 1, 1945, to June 30, 1960, the U.S. Government has issued credits to the extent of \$18,654 million, and \$6,588 million of that amount has been repaid. Will the Senator be kind enough to permit me to have printed at this point in

the RECORD a tabulation showing not only the total credits utilized and loans repaid, but also a breakdown as to countries?

Mr. FULBRIGHT. I think it would be very fine to have it in the RECORD. I ask unanimous consent that the table supplied by the Senator from Tennessee be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total U.S. credits utilized, and loans repaid, July 1, 1945-June 30, 1960

[Millions of dollars]

	Credits utilized	Loans repaid <sup>1</sup>	Loans outstanding June 30, 1960 <sup>2</sup>		Credits utilized	Loans repaid <sup>1</sup>	Loans outstanding June 30, 1960 <sup>2</sup>
Grand total.....	18,654	6,588	12,862	Latin America—Continued			
Far East.....	1,784	1,026	806	Chile.....	250	113	152
Burma.....	17	4	13	Colombia.....	220	93	138
China, Republic of.....	305	132	222	Costa Rica.....	15	7	15
Indonesia.....	183	49	134	Cuba.....	48	14	36
Japan.....	967	730	237	Ecuador.....	43	17	31
Korea.....	28	4	24	El Salvador.....	1	2	—
Philippines.....	196	100	96	Guatemala.....	3	2	1
Thailand.....	38	7	30	Haiti.....	26	6	28
Vietnam.....	50	( <sup>3</sup> )	50	Honduras.....	7	2	6
Near East and south Asia.....	1,786	403	1,523	Mexico.....	410	217	201
Near East.....	969	230	752	Nicaragua.....	3	4	3
Greece.....	190	68	120	Panama.....	8	4	4
Iran.....	195	19	176	Paraguay.....	18	6	17
Iraq.....	1	1	( <sup>3</sup> )	Peru.....	202	36	166
Israel.....	310	50	252	Uruguay.....	16	14	8
Jordan.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	West Indies.....	21	21	—
Lebanon.....	2	2	—	Venezuela.....	24	20	6
Saudi Arabia.....	19	17	15	Unspecified.....	32	62	32
Turkey.....	209	46	164	Europe.....	11,314	3,478	8,188
United Arab Republic.....	43	18	25	Austria.....	79	37	42
South Asia.....	817	173	771	Belgium-Luxembourg.....	245	121	124
Afghanistan.....	51	—	51	Denmark.....	57	15	42
Ceylon.....	6	( <sup>3</sup> )	5	France.....	2,503	944	1,557
India.....	550	139	502	Germany (Federal Republic).....	1,356	510	845
Pakistan.....	210	34	213	Iceland.....	26	1	25
Africa.....	247	72	180	Ireland.....	128	4	124
Algeria.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	Italy.....	548	306	242
Angola.....	2	( <sup>3</sup> )	2	Netherlands.....	439	261	214
British East Africa.....	2	2	—	Norway.....	141	88	53
Congo (Leopoldville).....	4	1	2	Poland.....	134	34	103
Equatorial Africa (French).....	11	10	5	Portugal.....	57	8	48
Ethiopia.....	43	7	40	Spain.....	232	41	192
Liberia.....	3	—	3	Sweden.....	24	7	17
Libya.....	110	18	92	United Kingdom.....	5,035	1,073	4,278
Morocco.....	1	1	—	Yugoslavia.....	210	19	191
Nigeria.....	61	33	27	Coal, Steel Community.....	100	9	91
Rhodesia and Nyasaland.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	Other.....	65	15	50
Somali Republic.....	5	—	5	United Nations.....	65	15	50
Sudan.....	4	—	4	Other, non-MSP programs.....	758	388	424
Tunisia.....	2,700	1,205	1,689	Australia.....	14	19	3
Latin America.....	289	69	220	Canada.....	163	170	—
Argentina.....	45	9	36	Czechoslovakia.....	30	25	5
Bolivia.....	1,020	487	589	Finland.....	145	75	94
Brazil.....				New Caledonia.....	2	( <sup>3</sup> )	—
				New Zealand.....	18	9	9
				Hungary.....	16	6	10
				Union of South Africa.....	148	64	84
				U.S.S.R.....	222	4	219
				Other Arabian Peninsulas (Bahrain).....		16	—

<sup>1</sup> These repayments are the total during the period, and are not necessarily against the credits utilized during the period, as they include repayments against loans extended prior to fiscal year 1946.

<sup>2</sup> See the following:

Loans outstanding on June 30, 1960.....	\$12,862
Repayable in local currency.....	3,436
Repayable in dollars.....	9,426

<sup>3</sup> Less than \$500,000.

Source: "Foreign Grants and Credits by the U.S. Government," June 1960.



Mr. FULBRIGHT. I wish to make clear that approximately 2 or 3 years ago we authorized the making of loans available in local currency. I believe the authorization has been greatly misunderstood. Some of those so-called loans were not loans in the true sense and should not be interpreted as such, because under the provisions of the act, they were repayable in local currency, but the local currency was retained for investment in the country. For practical purposes that type of loan is a form of grant.

Mr. GORE. I agree. However, it is a grant limited by the ability of the United States to direct expenditures for purposes of its own choosing in agreement with the recipient country.

Mr. FULBRIGHT. The Senator is correct. I think the project served a legitimate national interest. That is not the point. I agree that it does, and we justified it to those who look at the loans in an orthodox manner as a bank loan. It was intended to be considered as such.

Mr. GORE. It was never intended that so many dollars would be repaid to the Treasury of the United States.

Mr. FULBRIGHT. The Senator is correct.

Mr. GORE. But the local currency is available for the use of the United States within those countries for the purposes of our own choosing and subject to agreement with those countries.

Mr. FULBRIGHT. Yes, mutual agreement.

This debate reminds me of the analogy of the RFC. One of the reasons the RFC was often misunderstood was that, in addition to its lending authority, which was legitimate and well conducted, by and large, from time to time Congress passed bills directing the RFC to subsidize a domestic producer of a commodity. This subsidization was confusing in the minds of the public, and the RFC lost a great deal of money. But they were only carrying out the will and direction of Congress.

Mr. GORE. The same problem arose with respect to the Commodity Credit Corporation.

Mr. FULBRIGHT. The Senator is correct. The agency does only what Congress directs it to do, which is to pay a subsidy. In making this kind of loan, the foreign aid program would be doing only what we would tell them to do, which is to make this type of loan, which is really not repayable in dollars and should not be considered a regular loan.

Mr. GORE. The use of agricultural surplus commodities brought some criticism of that program.

Mr. FULBRIGHT. That is true. In the rush of modern life and the inadequacy of newspaper coverage, it was not clarified.

Mr. GORE. But so far as the bill is concerned, the loans are not to be repayable in local currencies.

Mr. FULBRIGHT. With respect to the Development Loan Fund, which we are discussing, the Senator is correct. Those loans are repayable specifically in dollars, and only in those cases in which there is a reasonable prospect of repayment as provided in the bill.

A 2-year authorization is provided under which the sum of \$1.8 billion is made available for each of the fiscal years 1962 and 1963, with the funds to remain available until expended. It is specified that military assistance to any country is to be furnished only for internal security, for legitimate self-defense, and for participation in collective security arrangements consistent with the United Nations Charter. It is also recommended that military assistance programs encourage the less developed recipient countries to use their military forces in projects of economic development. The emphasis of the program is on assistance to countries, particularly those bordering on the Sino-Soviet empire, which face the threat of external aggression, internal subversion, or both.

Many Americans have become disillusioned with the foreign aid program, as with other aspects of our foreign policy, because after years of sustained efforts the vision of a secure and peaceful world seems as remote as ever. It is felt that we have done all of the proper, decent, and noble things, but to no avail. This widespread feeling of frustration results largely from the discovery that we are not able to fix things up quickly, that in spite of our prodigious efforts, a free, secure, and prosperous world has not resulted.

These despairing views reflect both excessive hopes and an unduly pessimistic assessment of the accomplishments of recent years. We have not yet fully accepted the fact that there are limits to foreign policy, that there are no absolute solutions to the problems that beset us. I think that our pessimism is rooted in the grand old American idea that "we can do anything, and do it quickly once and for all." It was a splendid idea, reflecting the effervescence of our youth as a nation. Now we have come of age and we must recognize that some problems cannot be solved but can only be mitigated and some we must learn to live with. The lesson is not an easy one, but once we have learned it, I suspect, much of our pessimism will give way, if not to vibrant optimism then at least to a mature serenity.

There are those among us who contend that foreign aid is good money thrown after bad, that the underdeveloped and uncommitted nations are irretrievably hostile to Western democracy and increasingly receptive to the enticements of communism. I believe this defeatism to be profoundly mistaken and unwarranted. It falsely equates the designs of Communist imperialism with the worldwide movements of social reform and social revolution which almost everywhere seek economic well-being, social justice, national independence, and nonalignment with the great powers.

The result of this confusion is unwarranted despair and a tendency at times to "writeoff" nations that in fact are not "gone." In 1955, for example, we were told that Egypt, Syria, and Iraq, and all of the oil of the Persian Gulf, were "gone" or "going." When we look at this area now, we see that none of these countries have become Commu-

nist. The United Arab Republic has stirred the wrath of Premier Khrushchev by its policy of continuing to consign its local Communists to jail. Colonel Nasser played a decisive role in preventing the flow of Soviet arms to rebel forces in the Congo. A more recent example is provided by Guinea, which 6 months ago was being written off as "gone." Now, despite—or perhaps because of the presence of several hundred Soviet technicians, Guinea is clearly not "slipping into the Soviet orbit" and the chances are good that it will ultimately line up with the rest of independent Africa as a neutralist state.

The wave of the future is not Communist domination of the world according to the Marxian scripture. The wave of the future is social reform and social revolution driving toward the goals of national independence, social justice, and a better material life for the two-thirds of mankind who live in bitter deprivation. As Walter Lippmann wrote in a recent article: "If we make our own policy one of opposition to this worldwide movement of social change, we shall lose the cold war and Mr. Khrushchev's hopes will be realized. If, on the other hand, we befriend and support with active measures the movements of social change, their leaders will not submit to Moscow because they do not have to submit to Moscow. They do not wish to submit to Moscow because what they want is independence."

Perhaps a concrete illustration can help to illuminate the way in which our foreign aid program contributes to the worldwide drive for social reform and economic advance.

The Iranian village of Barquijan is a small community of 1,500 people. Its story is reported by Mr. Roy Vicker in a recent article in the Wall Street Journal. For 2,000 years Barquijan was isolated by mountains from the outside world. In 1959, the American aid program advanced \$4,000 for tools, engineering assistance, and cement for the construction of a road. Over a period of 12 months the villagers built the road with picks, shovels, and wheelbarrows. The building of a road to the outside world was the central fact in opening the door to the 20th century for the people of Barquijan. Before it was built fertile lands could not be developed for lack of markets. The villagers raised only what they could store and eat and had little money for the lean time of year before the new crops are harvested.

The road has broken the pattern of 2,000 years. Daily bus and truck service now connects the village with the outside world. The road made it possible to lure teachers to Barquijan and a new six-room schoolhouse is now in operation. Many new projects were stimulated by the road: A foot bridge, two new mosques, a community bath. A government health officer now comes to examine the villagers every 10 days instead of once a year. This means a great deal to a community where formerly 5 of every 10 children died before reaching their teens. One hundred and twenty-five acres of new land have been put under cultivation now that the vil-



lagers can send their produce to outside markets.

Barquijan is a very small but very impressive example of what can be done when a modest amount of American aid—\$4,000 in this case—is placed at the disposal of local populations who have the will to help themselves.

A more comprehensive if less dramatic story is told by a few statistics. In South Vietnam, despite chronic internal strife, agricultural production doubled between 1955 and 1960 and electric power production increased by more than 40 percent. In India, the gross national product in stable prices went up 19 percent between 1955 and 1960; industrial production increased 38 percent; electric power production increased 87 percent. In Pakistan agricultural production increased by 17 percent, industrial production by 61 percent, electric power production by 162 percent. The comparable figures for the United States for the period between 1955 and 1960 are: agricultural production up 14 percent, industrial production up 12 percent, and electric power production up 33 percent.

American assistance has played a major role in these impressive achievements. In a few areas, however, the contribution of our aid has been vitiated by waste and inefficiency, feudal conditions, and corruption among officials and administrators. The few instances of failure must be the object of our close concern and the subject of thoroughgoing reappraisal. In advocating such reappraisal I cannot emphasize too strongly the importance of maintaining a rigorous sense of proportion. There could be no greater folly than a descent into black pessimism over the whole foreign aid program because of a very few instances of inadequate performance. The program on the whole has been productive and the legislation now before the Senate represents a significant departure toward programs that promise to be more productive than even our most successful efforts in the past.

Having made these extremely important qualifications, I, for one, am not willing to be bound by an uncritical orthodoxy that seems to afflict some of the most sincere and zealous supporters of foreign aid. There have been failures and disappointments and the highest purposes of our foreign aid program and of our foreign policy in general are ill served by halfhearted rationalizations designed to explain away these failures. It is a far more constructive contribution to explore the causes of isolated failure with a view to remedy and more effective performance in the future.

The Republic of Korea is a striking example of performance for short of reasonable hopes and expectations. Admittedly Korea is in many respects a special case warranting special treatment. Korea is a classic example of the problem of balancing the special case of a client state to which the United States is deeply committed against the requirements of worldwide policy. In the words of George Liska, author of a recently published book on foreign aid

as an instrument of American foreign policy:

The policymaker's dilemma is chiefly this: how much should each decision fit the particular case rather than conform to the requirements of consistency and coherence of the overall foreign aid policy. The two requirements are equal in standing as long as they are reconcilable; if they are not, the second must prevail.

Between 1946 and 1960 the United States extended almost \$3 billion to Korea in economic aid and over \$1.5 billion in military aid, a total of almost \$4.5 billion.

There is little to show for this massive infusion of American capital. While it is readily understood that the results of our initial aid were more than wiped out by the ravages of war, the fact is that results have been extremely disappointing in the 8 years since the end of the Korean war.

Mr. President, to further illustrate these points, I ask unanimous consent to have printed in the RECORD at this point an article entitled "Korean Business Still at a Standstill," by Alan Cline, which appeared in the Washington Post on July 31.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GLOBAL TRADE: KOREAN BUSINESS STILL AT A STANDSTILL

(By Alan Cline)

SEOUL, July 30.—After pumping \$4.5 billion into South Korea since the end of the Korean war, the United States has an ally considered strong militarily but economically on the ropes.

A close look at one of America's most costly wards shows a peninsula of poverty where the average annual wage totals \$60. Unemployment in the overcrowded land of 25 million approaches the 3 million mark.

The military men who ousted the elected government of Premier John M. Chang May 16 used the extreme depressed state of the nation as a prime reason for their coup.

Ten weeks later there is no change economically. Business remains at a standstill.

What happened to the \$2.5 billion in economic aid alone poured into South Korea since the end of the Korean war in 1953?

Why did the Senate Foreign Relations Committee only last week say results of the aid program have been discouraging—to put the case mildly?

There is no clear-cut answer to this complex situation. Americans tend to blame the Koreans. The Koreans blame their past Governments and the Americans.

Not to be discounted is the 600,000-man South Korean army, said to be necessary to protect the country from invasion from the Communist North.

The military eats up nearly half the annual budget—nearly \$500 million this year—and gets millions in support and equipment from the United States.

American aid officials here in the main do not see the \$2.5 billion in economic assistance as a sorry waste. They cite one pertinent fact: South Korea still is in the Western camp.

The most glaring example of dollar loss is in the 29 factories completed with the aid of U.S. dollars but not operating. Most of the \$2,747,000 involved went for machinery. Only 26.3 percent of the 114 projects completed at a cost of \$15,893,000 are operating at a 100 percent capacity.

The Americans say what happened was that the Korean wanting to build went to

the Government Reconstruction Bank and applied for a loan. In most cases of failure, it was a case of faulty financing. But if the bank didn't object and the man's papers were in order the loan was made.

A loan for a new small business project hasn't been granted since 1958.

The American economic people here point out that aid began in a post-war period in a land of total devastation. The main aim was restoration—transportation, power, some semblance of a working economy—and, of course, to feed the people. Mistakes may have been made in those early days, said one American, but they were human errors caused by the impatience of well meaning men to get something done in a hurry.

There are other reasons for the plight of the Korean economy.

It was unbalanced, abnormal, fragile, and backward after the country was freed from 50 years of Japanese rule in 1945. The Korean has his own way of doing business. Some of his methods are part of tradition. Keeping three sets of books as a means of dodging taxes and the tendency to bribe officials when seeking favor are not the ideal ways to build a stable economy.

A handful of industrialists control the economy. They were in solid with past governments. They asked for favors. The U.S. administration at the time supported the existing government and the American officials here went along with what the Korean Government wanted. Now there is a lack of sufficient managerial and technical talent.

Now there also is a feeling among many Koreans that the United States is using their country as a dumping ground for its surplus products.

Especially disturbing is the "Buy American" policy which requires the Korean using American aid dollars to buy and ship American.

The businessman would rather trade with Japan. He can buy there cheaper, ship cheaper and save money on interest rates for the hwan loan he needs to get the aid dollars.

He cannot get too excited about America's problems with gold reserves and foreign exchange. What he wants is a fast return on his investment and "Buy American" is hampering that. Some Koreans contend shipment of surplus farm commodities, despite its use in feeding hungry people, only hurts the local price structure.

"We cannot deny management of American funds was not perfect under the former corrupt regimes," says Premier Song Yo-Chan, a retired lieutenant general. But he claims all that has been changed now and America and the Western Allies should provide Korea with more aid than in the past.

Mr. FULBRIGHT. Mr. President, on all counts except literacy, Korea remains today a country still in a very early stage of development, deficient in the preconditions for sustained economic growth. The Government has been chronically unstable, marked by incompetent administration, widespread corruption, and, except for a brief period, by totalitarian rule. Communications and public services remain primitive. Per capita gross national product has increased only to a very small degree and there is widespread unemployment and underemployment.

A strong case can be made for the thesis that American funds have been used inefficiently and that American interests and objectives in connection with their use have not been adequately defined and defended. According to the



study of American foreign policy in Asia prepared by Conlon Associates, Ltd., for the Committee on Foreign Relations in 1959:

Basically, we have had a weak policy toward Korea in terms of stipulations, controls, and supervision. We have usually invoked the time-honored maxim noninterference in the internal affairs of another State, despite the fact that massive aid obviously is interference and our responsibility for overall trends in Korea—and its ultimate defense—cannot be avoided. Our techniques of aid, and our responsibilities in connection with aid need to be basically reassessed.

Taiwan is another special case as to which legitimate questions may be raised regarding our foreign aid investment. Since 1946 we have provided Nationalist China with almost \$1.9 billion in economic aid and over \$2 billion in military aid, for a total of almost \$3.9 billion. We have provided more overall assistance to Korea and almost as much for Taiwan as for all of the countries of Latin America, which since 1946, have received aggregate aid amounting to something over \$4.4 billion. The executive branch is on notice that these cases will be exhaustively reviewed by the Committee on Foreign Relations next year, and that new arguments may be required to justify some of them.

Our resources are limited. Because they are, it is imperative that the requirements of our overall foreign aid policy interests, take priority over aid policy, and indeed of our overall foreign policy interests, take priority over the needs of special cases. It seems advisable, therefore, that the executive branch soon undertake a thoroughgoing reappraisal of foreign aid, setting each category of aid and each country program against the requirements of overall policy. The guiding principle of such a reappraisal must be the basic long-range interests of the United States. We cannot afford—either politically or economically—to permit our aid program to be dominated by obsolete predilections which have been frozen into public opinion or by sentimental attachments to old friends and lost causes.

It is now over a decade since the provision of economic assistance on a planned and organized basis became an established instrument of American foreign policy. On the basis of this experience it should now be possible to devise an overall concept of foreign aid rooted both in the national interest and in the realities of economic development.

In the past we have erroneously assumed that the over-riding or even sole requirement for the development of a poor country was foreign capital and a certain amount of technical assistance. There are other requirements which are the indispensable preconditions for economic growth. There can be no durable, self-sustaining growth in the absence of a substantial degree of literacy and at least a small number of people with the higher education and technical skills needed for the managerial and technical tasks of development. There must also be a substantial degree of social justice—if the ordinary individual is to contribute to the development program of his country, he must be free of the yoke

of usurers and feudal landlords and given a personal stake in his country's future.

An effective and reasonably honest apparatus of Government and public administration is indispensable—there can be no self-sustaining growth in the absence of law and order and the capacity for planning, organization, and the management of fiscal and material resources. There must also be a clear and purposeful view of what development involves—it must be understood in hard economic terms and not merely in the romantic terms of nationalist feeling. Successful development programs require all these before large-scale capital investment can be productively employed.

We can and should assist those countries which lack some or all of the preconditions for sustained growth. But we must assist them with the things that they immediately need, not with great infusions of capital that they lack the capacity to absorb. Our assistance to such countries must consist of programs of predevelopment while our overall aid program must attack all of the barriers to growth. Education, social reform, and public administration are thus seen to be as important as capital investment.

It follows that the great bulk of development funds under our foreign-aid program must be concentrated on those countries which have largely fulfilled the preconditions for growth. The Secretary of State expressed this proposition admirably in his statement to the committee on May 31. Humiliating strings must be avoided, he said:

But we do believe that our investments should be good investments, that we should be given something to support, and that honest and diligent administration is indispensable if outside help is to be productive. Self-help must be our principal string—and an insistent one.

Certain countries have largely fulfilled the preliminary requirements for development. Among these are Pakistan, India, Brazil, and perhaps also Ghana and Nigeria. In India there is a large literate minority and a highly educated elite, a considerable degree of social justice, an effective administration, and a clear sense of direction. As a result, India has been making substantial industrial progress.

The aid program reflected in the bill before the Senate is in great measure oriented to these considerations. Approximately three-fourths of the funds intended for development lending are earmarked for India, Pakistan, and Brazil—all countries which have largely fulfilled the prerequisites for economic growth. These are key countries both economically and politically. They are committed to realistic development plans. Their prestige and influence are on the rise and their examples are certain to exert a powerful attraction on other countries which are economically underdeveloped and politically uncommitted. Our aid to them, by all reasonable calculations, is an excellent investment toward the realization of self-sustaining growth.

If the development programs of such countries are successful, it is not unreasonable to hope that in due course they will be able to share the burden of assisting in the development of their smaller and weaker neighbors. If some of the large sums that have been expended to little avail in Korea and Taiwan had instead been invested in India and Brazil, those countries would now in all probability be considerably farther along the road to self-sustaining growth.

The program before us is a worthy start toward an aid policy based on rigorous selectivity according to where the prospects of success are greatest. It is my hope that the executive branch will continue to reassess overall aid policies. As John Kenneth Galbraith wrote in a recent article on the requirements of economic growth:

We must have a design for economic development which extends to all of the barriers to advance; it must be adaptable to the situation of the individual country; and we must have some objective test of progress. We can no longer allow ourselves to assume progress where, in fact, there is none. If we are contributing to development, we need to know it and stick to our course. If we are on the wrong path, we also need to know it and change.

An extremely important factor in the new phase which foreign aid has entered is the fact that the United States need no longer bear the air burden alone. The major powers of Western Europe, themselves the important prominent beneficiaries of American assistance, are now in a position to make important contributions to the development of the southern continents. One of the principal purposes of the Organization for Economic Cooperation and Development is to coordinate the aid programs of the Western nations and Japan.

In the words of the committee report:

The pattern for the future of foreign aid is being laid down now; and 1961 should be regarded by future historians as the transitional year in which the United States, Japan, and Western Europe joined their efforts to narrow the dangerously widening gap between the rich societies and the poor.

The wealthy nations of Europe are giving increasing recognition to their political and moral obligation to share the burden of assisting the underdeveloped lands. This does not mean that the responsibilities of the United States will be lightened. It means that the other wealthy nations of the free world are ready to make proportionate contributions. Together with the United States, these countries have a preponderance of the world's financial, scientific, and technological resources. They are now ready to put these to generous use. As the London Economist recently put it, there is a desperate need for "the idealism of the old world to redress the aid weariness of the new."

Our aid program, as I said at the beginning of these remarks, is a calculated risk. It is not the solution to all problems and it may fail altogether. By every reasonable calculation, however, it will not fail. A realistic assessment of the powerful forces of social change that engulf the world suggests that a con-



tinuing aid program that is wisely conceived and executed is the best possible investment we can make toward the realization of a new world community of free and prosperous nations. No objective is more clearly in the interests of the United States.

Self-interest alone, however enlightened, is not an adequate guidepost for our assistance to the poor nations of the world. There is a moral compulsion as well, a simple acknowledgment of the fact that we cannot honorably live in a world in which we are growing ever more affluent while hundreds of millions of people sink deeper into misery and deprivation. Surely considerations of social justice, humane concern, and Christian compassion are, in the final analysis, a more compelling motive than narrow self-interest.

Mr. COOPER previously said: Mr. President, I know it is appropriate that the chairman of the Foreign Relations Committee, and the one who will handle the bill on the floor should speak first in this debate, but he has been very kind to permit me to speak at this time briefly, because I cannot speak very long.

I ask unanimous consent that my remarks of 6 or 7 minutes may follow his in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, as the debate on S. 1983 proceeds, I expect to elaborate my reasons for supporting the committee bill, which embodies the President's recommendations for foreign aid. Today, in this short statement, I express my strong support of the provisions of the bill which insure the continuity of our foreign-aid program over a period of 5 years, and its effective financing by means of Treasury borrowing, within dollar limits fixed by the Congress.

My support of a 5-year program and long-term financing is not new. In 1955 and 1956, when I was serving as Ambassador of the United States to India, I saw then that the system of yearly appropriations limited the effective and economical use of our aid funds—large as they were. In 1956, I recommended to the Department of State that a 5-, or even a 10-year, program should be adopted, and some means of capital financing provided. And in speeches in the Senate and throughout the country since that time, I have continued to urge long-term financing as an imperative condition toward making our foreign-aid program truly effective.

Newly developing countries with meager resources must plan the careful use of their meager funds and of the foreign assistance which may be made available to them over a period of years. This is particularly true with respect to the development of wealth-generating industrial projects upon which economic growth, employment, and production of consumer and capital goods must ultimately depend. These major projects cannot be planned or completed in a year, or 2 or 3 years, in these backward countries, just as they cannot be completed in our own country. It follows that the governments of these countries

cannot plan or use with maximum effectiveness our assistance—large as it may be—because they cannot be assured that American aid will be forthcoming beyond the current year. As a result, I saw that a portion of our aid tended to drift into less-important projects, and our foreign aid personnel—already too large—grew and grew to manage these secondary projects.

I saw also that the Soviet Union aid program, with its 12- to 15-year loans at low interest rates, often was better designed to meet the needs of the developing countries, particularly in the construction of large industrial projects, than was the U.S. program.

I must say I think the term "back-door financing" is a misnomer and a diversion in this debate on foreign aid. Treasury borrowing has been accepted by the Congress since 1933, for at least 25 programs, because it is appropriate to lending programs and because the Congress likes these programs, perhaps, better than foreign aid. Examples are the Commodity Credit Corporation, for which Treasury borrowing is approved year after year for the price support and disposal of surplus agricultural products, our housing program, and the operations of the Export-Import Bank.

Treasury financing is appropriate to lending operations of the Development Loan Fund of our foreign-aid program which would make loans to the developing countries on a long-term basis, at low interest rates. In the consideration of this bill, we ought not to be diverted from the true issue by the slogan—the fictitious term—"back-door spending." The Congress should apply the same test to Treasury borrowing as a means of financing the foreign-aid program that it applies to other congressional approved programs financed by Treasury borrowing.

The true issue is clear. We must decide whether Treasury borrowing is a better means of financing our foreign-aid program than yearly appropriations. Will it make our foreign-aid program more effective? Will it insure a more economical use of our revenues? Will it be more likely to attract the aid of other industrially developed countries? And, in doing these things, will the Treasury borrowing give greater assurance that the foreign policy objectives of our foreign-aid program may be attained?

Despite all the objections made to foreign aid, it has continued since World War II—and we know that it will continue for many years. This being true, I believe it is the obligation of the Congress to provide the means to give our foreign-aid program maximum effectiveness. I believe year-to-year appropriations have not given it maximum effectiveness, and that the 5-year assurance of funds through Treasury borrowing can do so.

If we do not make this decision this year, our foreign-aid program will continue to creak along, disillusioning and disappointing our country, because it cannot develop maximum effectiveness, because it cannot be the best program for our country and for the countries we help, and because it is likely to become

second-best in those countries where both the United States and the Soviet Union have aid programs.

Finally, I hope very much that the Republican Party will not accept the slogan "back-door spending," and allow its attention to be diverted from the true issues involved and from the important goals of our foreign-aid program. Our party holds that it believes in the economical use of our resources. We ask often for a new initiative in our foreign policy—and foreign aid is an aspect of our foreign policy. This is the chance to use the power of the Republican Party in the Congress to move toward achievement of these aims. I point out that it was President Eisenhower and Secretary of State John Foster Dulles who, in 1957, first urged the Congress to adopt Treasury borrowing over a 3-year period, and said that it was an imperative necessity to make our foreign-aid program effective. And in that year, when the Senate voted on this plan, 35 of the 46 Republicans in the Senate supported it. Even if later withdrawn, their reasons are even more cogent and persuasive today than they were in 1957.

We owe it to the people of this country, who contribute large sums for foreign aid, to make our program truly effective. And in this day when the people of our country and free peoples throughout the world are concerned about the threat of war, the adoption of a 5-year program, with adequate and assured financing, will give notice to the world that the United States intends to pull through the Berlin crisis. It will indicate that we are creative in policy, and that we are still concerned with the necessity of assisting the developing countries to raise the standards of living of their people, because this is an important requirement of a peaceful and just world.

Mr. JAVITS. Mr. President, I commend my colleague from Kentucky, who, with his usual perception in the foreign policy field, has made some very important statements with respect to his support of the bill. I wish to add one other point with respect to my party.

We are a party of business. We should be proud of it. We should cause that to be one of the reasons we are commended to the American people.

Mr. President, for the party of business to show itself, through a majority, to be in opposition to a long-term program dealing with the fundamental financing or development of a particular country or of a particular area would indeed be an anomaly. I hope, along with the Senator from Kentucky, that the majority of the Members on this side of the aisle will be found on the side of that businesslike approach to foreign aid.

Secondly, it seems to me—and I urge my colleague from Kentucky to give this consideration—that if there is one thing to which my party should devote its attention it is the private enterprise participation in the foreign aid program, which is to this day its greatest lack.

The closest we have come to that is a billion dollars in guarantees for overseas private investment.



In terms of the enormous pool of technical and professional personnel in American business, in terms of the brains and the resources of American business and management, these things have not begun to be tied in to the foreign aid program. I should like to see my party devote its efforts to seeing that in every mission abroad there is an important component of American business—and that includes American labor and American farmers—as well as Government employees in Government service from the Foreign Service or other services. That, to my mind, would be the real way to make the foreign aid program work.

I should like to see counterpart activities in each of these countries by their own private enterprise systems, to coordinate with ours. That, and the implementation of it, would be a real mission for my party to achieve.

I cannot see how we can possibly oppose long-term financing for long-term efforts when every business tells us one needs at least a 5- or 10-year term in order to work out a long-term development program. That is what these programs are.

Mr. President, I would have hoped that private enterprise participation—and I shall have some amendments on that score as we go along—would have been one of the two big questions with respect to the bill.

Instead, we are a little bit bogged down—and I do not use that term invidiously, because I have the highest respect for the Senators involved—with the question of the so-called backdoor financing.

I should like to add to what my colleague the Senator from Kentucky so eloquently stated, without repeating, the following point. If we are talking about congressional control, I have made a very intimate study of the bill, and I have come to the conclusion that the only thing needed is a coordinated auditing medium to gather up all of the threads which exist. The bill itself is full of checks and balances in terms of congressional control and in terms of the authority of the Appropriations Committee to act in the most decisive way on every possible appropriation.

Mr. President, the key to everything we do is the power of the Congress, through its established Houses, without the President, to adopt a concurrent resolution to terminate any program. This is contained in section 617 of the bill. I have had experience with such a provision, because I joined in causing such a provision to be inserted into the original Marshall Plan bill when I was a member of the House Committee on Foreign Affairs. I shall file a legal brief and shall be prepared to argue the question as to the validity of this kind of provision in the bill and as to its effectiveness, if we would only use it.

Second, I invite attention to the whole network of controls; through the Government Corporation Control Act, which is made applicable by section 203(b); through the Comptroller General's authority, which is made applicable by section 613(d) and section 635(f)(5); through the reports to the committees

and the power of the committees to compel the production of papers and books so that they may investigate, which is made applicable by section 204, section 634(c) and section 634(d); and finally, Mr. President, through the power of the Inspector General, an official appointed by the Congress, which is continued in effect by section 642(a)(2) of the bill.

I shall be discussing these things later on in detail, but I thought, in setting the frame of reference for the struggle about this problem, it would be useful to outline the legal situation.

I close, Mr. President, upon another note. I am for, and I shall support, some coordinating committee medium. I have not as yet heard any proposal which would do the job of picking up all the threads of control and vesting them in one central authority, in terms of some Congressional committee, which could then put them into action in terms of implementation by legislative recommendations to both bodies of the Congress.

This is the way to have business administration and at the same time to preserve the authority of the Congress. The other ways being proposed will only hamper us in doing what the very long-term authority proposed we should do, which is to redeem the program from the superficial basis in which it has been bogged down for years.

Mr. President, so far as Communist competition is concerned, I hope that we shall have an adequate debate on the floor in this regard. We are no longer alone in foreign aid. We face the Communists, both the Soviet Union and Red China.

Finally, let us recognize that whereas the Russian offensive is one of backing insurrections and subversion in particular countries, in the manifold ways in which they do it, and by aggression, direct and indirect, our offensive is in this very program. People talk about what we are going to do to defeat communism and to win for freedom. This is it. This is what we are going to do. This is the offensive of the United States.

Let us see, Mr. President, whether we can think in the dimensions we thought only a few minutes ago, when we voted unanimously for the armed services program, which is for defense. This program, Mr. President, is for the kind of offense we want, the kind of offense we should provide, for Mr. Khrushchev has said he will bury us. This is the kind of offense we ought to welcome, because we are the greatest business and production power the earth has ever seen.

Mr. President, I deeply feel that if we take this line our allies all will be with us, because it will be good for them not only in terms of their security, something they understand, but also in terms of their own prosperity and of the prosperity of the world. Rarely in history has a nation fighting for a cause been in the position that the weapon it employed—in our case the weapon of economics, the weapon of foreign aid—could be as productive and constructive for itself and for the cause for which it was fighting.

I thank my colleague.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. WILEY. Madam President, I was seated at lunch at 2 o'clock this afternoon with a very distinguished citizen from India when word came that I should hurry over to the Senate Chamber as I would be expected to take the floor and talk in 5 minutes.

It is now 20 minutes to 5. It all reminds me of two instances which occurred when I was chairman of the Committee on Foreign Relations. I had occasion to go to Ireland, and after discussing a matter with the Premier, Costello by name, he said in his good Irish brogue, "By the way, Senator, where did your forebears come from? I would like to know where your forebears came from."

Responding in the same brogue, I said, "You mean you want to know where me mother and me father were born."

"That's right, lad," he said "that's what I'm asking."

I said, "They were both Vikings. They were born in Norway."

"My Lord," he said, "you're 1,200 years late. 'Twas the Vikings that settled Dublin in 750."

I said, "Put it here, cousin."

That was 1,200 years late. It is not that much today. I was not late. However, the order in the Senate, as it was set up did not function as it should have.

The other instance that I have in mind is that when I came to the Senate there was a distinguished gentleman in the Senate by the name of Vandenberg. He was chairman of the Committee on Foreign Relations. Whenever he got up to speak the seats in the Senate were filled. With dignity, he would say, "Mr. President, gentlemen of the Senate, I am going to talk today. I ask that I be not interrupted. But when I am through, I shall be glad to respond to any questions."

I remember speaking to him about that. He said:

Yes, when that occurs, anyone can take the Record afterward and see what I had to say. However, if you have a bunch of interruptions, you don't know who said what or what said who.

So I am following in Vandenberg's lead and the directive he laid down, when I ask that I be not interrupted by this vast audience of Senators in the Chamber. [Laughter.] When I am through, if I have agitated any gray matter, shoot.

Mr. President, I rise to take my stand in support of S 1983, the proposed Foreign Assistance Act of 1963. May I say why? I urge my colleagues to join me in closing ranks behind the President in this critical period, for the future not



only of our beloved Nation but of the whole world is at stake.

Secretary of State Rusk has again gone to Europe. Why? Well, he expects to come back with some answers. Let us hope that they are little different than the answers General McCloy gave the President. Whom is he going to see? Khrushchev. Who is Khrushchev? I will answer that question.

First, 23 years ago, when I came to the Senate, I was a noninterventionist—not an isolationist, but a noninterventionist. So was George Washington. Why? The best reason for being a noninterventionist was the European nations were always fighting among themselves, and they were so far away that it did not make any difference.

It was not long before I found out that the geography of the world had changed. With its changing came a new perspective, a new responsibility. When I came to the Senate it took days to cross the Atlantic. Now we can cross it in hours. Yes, when I came to the Senate there had not been an atomic bomb. A few years afterward that bomb exploded at Hiroshima, and it took 70,000 lives, and wounded 70,000 more. That was a baby bomb. Now we have a bomb that could destroy New York City. The Russians have the same thing.

I had before me in the Foreign Relations Committee Secretary Rusk. I ask unanimous consent that the questions and answers which appear from page 51 to page 53 of the testimony of Secretary Rusk, be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. WILEY. Mr. President, he told why it was necessary that we have this bill.

Who is Khrushchev? I will answer that question. When I came to Washington there was no Khrushchev. There was no Communist-dominated world. That is all changed. Khrushchev is the head of that movement. He has taken into his orbit over 1 billion human lives.

Let there be no mistake about it. It is not only our friends and our allies who are waiting to see how we hold the reins of leadership which are thrust into our hands. No, Mr. President; Moscow and Peiping are avidly watching our every move—or our failure to move—as they hurl repeated challenges in our teeth.

This is not time for us to falter in the great task we have set for ourselves. We must continue and heighten our efforts to ensure that liberty and human dignity will not wither and eventually vanish under the constant blows of adversaries who advance a totalitarian and inhuman view of the meaning of life.

It was an English poet who said:

Life has meaning, and to find its meaning is my meat and drink.

It was Lincoln who recognized in time that challenge. When there was no other place to go, he went to his knees.

If we are only 15 minutes away from Russia, and Khrushchev is in control, it

is time we forget the petty things. It is time we face the real issue.

The real issue is war or peace. It is true that in very recent days we have taken vitally important steps at the President's request to bolster our national defense posture. There may be those who will argue that we cannot sustain the additional expense of a large and burdensome foreign aid program.

We have heard some of that argument today on the floor. Where the very lives of our people are at stake, I submit that we can bear whatever expense we consider really necessary.

According to the official figures, the cost of the total administration's foreign aid request averages out to about \$27 for each American citizen. A great many friends of mine smoke more than in a couple of months. A heavy smoker can almost literally burn up six to eight times that amount of money in a year.

What is the purpose of the bill? I can state it without reading it. I refer to page 1 of the report, and I ask that a small part of it, consisting of two paragraphs, outlining the main purpose of the bill, be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. WILEY. At the same time I ask, what does the bill provide? I ask unanimous consent that there be printed at the conclusion of my remarks a portion of the report beginning at page 2 and continuing over to page 3, because it outlines definite answers to the discussions that we have heard on the floor today.

I am hurrying along, Madam President. The word "necessary" also bulks large in the perennial question as to whether our expenditures for foreign assistance are in anything like the same category of importance as our outlays for military preparedness at home.

Every President, Secretary of State, and Chairman of the Joint Chiefs over the last dozen years has urgently testified that they are. We all remember that President Eisenhower appointed to the so-called Draper Committee a number of our most talented and objective citizens—representing the professions, business, and many other walks of life—and asked them to give the foreign-aid program a thorough "new look." Did they conclude that large elements of the program were unnecessary and could be slashed without impairment of the national interest? On the contrary, they strongly recommended the authorization of \$400 million more than the President's request, and considered this a minimum adequate response to the situation abroad.

The fact of the matter is that our military expenditures give us one vital but basically static arm of our foreign policy. Within this defensive capability should, of course, be included roughly half the actual sums involved in the foreign assistance bill on a direct or indirect basis.

What do I mean? I mean that one-half the amount we have been discussing today is spent for military needs. As

indicated by the answers of the Secretary, 80 percent of every dollar is spent in the United States. Five hundred thousand men receive employment by virtue of it. This is not a giveaway. It is, instead, a mutual assistance program. However, being prepared for war is not an answer in itself; it merely gives us the shield behind which we can develop and undertake more positive aspects of our foreign policy. Remove the non-military elements of the foreign aid program and we will have destroyed the most important offensive tools at our command.

Let me stress that the Soviets and the Chinese Reds are not about to deny themselves these capabilities. Indeed, they are devoting constantly growing efforts and resources to nonmilitary programs around the globe.

Not counting military aid, and excluding all expenditures in the satellites and other Communist countries, the Sino-Soviet bloc in 1960 gave almost \$1.2 billion in economic and technical assistance to 24 of the world's less developed countries. Moreover, according to our Government experts:

On the whole, it would appear that the aid of the Communist bloc countries has been negotiated and administered with skill, speed, and sensitivity.

Other elements of the bloc offensive in the underdeveloped part of the world have shown corresponding or even greater increases. I shall point out only a few of these categories for the purposes of illustration. Soviet educational exchanges—or, more accurately, indoctrination programs—increased by 50 percent with respect to the less developed countries last year. For the same period, bloc radio broadcasts to Africa almost doubled, and comparable increases were achieved in range and effectiveness. The Communist Chinese have made a particular effort in exchanging delegations under a so-called people-to-people program; well over 550 delegations from Latin America, Africa, and Asia visited Red China in 1960.

It is alarming, but no less interesting, that the bloc has set out with such vigor to imitate programs in which the United States has been engaged for quite some time. Apparently the Communists have a higher regard for our efforts than we ourselves do in all too many cases.

We appear to have become so obsessed with an acknowledged sizable amount of waste—we hear much about that—or misdirected effort that we tend to overlook the many solid accomplishments of our foreign aid programs. It is easy enough to find in the press the evidence of a failure or a blunder. It does not seem newsworthy that through U.S. aid, for example, Liberia has doubled the yield of its upland rice; that Ecuador has brought under control the disease afflicting its bananas; or that India expects to have the problem of malaria licked by 1965. We are much too ready to sit back and indulge in excessive self-criticism.

This program is a matter of self-defense for the United States. That is not only my judgment; it is also the judg-



ment of men like Eisenhower, like Kennedy, like our military leaders. It seems to require some sort of crisis to make us aware of the spirit of quiet confidence, idealism, and self-sacrifice which is always present in the American people, ready to be called forth in time of need.

I call attention to what has happened in 23 years. When I came to the Senate, the world was so big that it took weeks to travel around it. Now it takes a matter of only a few hours. Then we lived away off from our neighbors. Europe was far away. Not now. As I have said, missiles can reach us in 15 minutes. As for bombs, that depends on what the Kremlin can do with its submarines and its planes.

Madam President, I am no happier than any of my colleagues that we are compelled to consider this bill in the shadow of an extraordinarily menacing world situation. Indeed, I have been in Washington for too many years to have any illusions about the degree to which any administration may seek to capitalize upon such a situation. Yet I know of no remedy. As the late Senator Vandenberg wrote in 1947:

"The trouble is that these crises never reach Congress until they have developed to a point where congressional discretion is pathetically restricted."

We were asleep at the time of Pearl Harbor. We overlooked what we should have done in Korea. But in both instances, the world was big. Since then, the world has contracted, and such a tragedy must not happen again. If it does, the free nations of Europe and the Western Hemisphere may be annihilated.

Madam President, the hard fact remains that there is an entirely genuine crisis threatening world peace and the very existence of the world as we know it. We did not create the peril; it is wholly manufactured and exported by the Kremlin. Yet we have no choice but to confront it with the confident determination and strength of freemen, or we shall not remain freemen much longer.

I do not argue that we must accept the bill as it stands after committee action. On the contrary, it is an essential feature of the Vandenberg definition of bipartisanship in foreign policy that there be full and free debate of any and all issues of great importance to the Nation.

The committee adopted the bill. I voted for the 2-year extension. I voted for the 3-year extension. When neither of them could be obtained, I voted for the 5-year extension. I feel it is more important that we not lose our heads by arguing over a situation in which we may lose our liberty.

Let me say that I felt no such restraint in committee. Nor shall I hesitate to vote as my conscience directs as we consider amendments on the floor of the Senate. In this connection, I am proud that during committee consideration of S. 1983, I took the initiative in restoring to the bill the full statement of policy which had both been hammered out and tested by the previous administration, and accepted by the

present one. Embodied in that statement are found some of the most profound and historic truths to which this great country has always adhered. Under no circumstances could I have sat silent while a truncated and inelegant version was substituted for fundamental statements of principle.

My vote in favor of the long-term lending authority was entirely consistent with a refusal to change convictions to match a change in administrations. I agreed with the necessity for this provision when it was requested by President Eisenhower, and I am willing to comply, now that it has been sought by President Kennedy. For I know full well that much of the success of Soviet economic assistance is derived from the Kremlin's ability to employ long-term credits and to plan for the long-range future. On the other hand, I saw nothing sacrosanct about any particular level of loan funds and voted—unsuccessfully as it happened—to eliminate the extra \$300 million annually which seemed to have been hiding under another guise.

No, Madam President, I do not ask for any restraint on our historic right to contest any and all items in the bill before us. I do ask that we submerge our dissatisfactions and our differences when we reach the vote on final passage of S. 1983. Let us tell the Kremlin with one voice that our country stands ready to fulfill its global responsibilities; that it will never be deterred from its duty by the fulminations of the tyrant and the bully.

I have had a number of communications suggesting that we cut out what have been called foreign aid. In a sense, it is American aid, as I have already stated.

It aids America. It is one of the great deterrents in our defense.

Everything we do is designed to stop rocking the boat. Please realize, of course, that the big issue is war or peace. If we were to cut out foreign aid now or mutual assistance, as it has been called, it would be the "go ahead" sign to Khrushchev.

It is well for us to analyze just what we mean by foreign aid. In one of my letters, in response to a criticism of the program, I wrote as follows:

You are aware, of course, that (1) most of the funds go directly for military defense; (2) that a substantial portion of the funds are spent right here in this country; (3) that, in addition to strengthening our defense, an estimated half-million jobs are created for American workers; and (4) unless the program is continued, the overall defense of the Western World will be seriously jeopardized.

We recognize, of course, that there have been mistakes in handling the program, as well as shortcomings in the program itself.

Of course, Madam President, we cannot ignore mistakes. Because of this, Congress can—and must—turn a microscopic eye on the proposals. Overall efforts are needed to: First, weed out unnecessary provisions; second, clarify objectives; third, sharpen up the administrative machinery; fourth, eliminate waste, duplication, and the undertaking of unnecessary projects; fifth, imbue its

administrators with a greater sense of responsibility to the Congress and to the American taxpayer; and make other efforts to assure that the program serves our national interests.

In my judgment, then, the facts of life in 1961 do not permit an abrogation of our responsibility for free world leadership. Why? Here are some additional factors that I believe warrant consideration:

First. The Communist bloc—the greatest threat to freedom in history—strongly adheres to its oft-stated goals of world conquest. Mobilized for this objective, its military, economic, cultural, social, ideological programs have one target: That of surpassing and burying the free world.

Second. The Red manpower in their military forces substantially exceeds that of the free world.

Third. The Soviet Union and Red China are engaging in a broader propaganda campaign than the West.

Fourth. Conducting a global espionage, sabotage, and subversion ring, the Communists have an estimated 36 million conspirators operating in about 86 countries. Their aim is to take over these nations. This Red army of conspirators represents a threat equal to—if not greater than—the military power of an ever-threatening nuclear war.

In view of these and other threatening factors, it is essential that we maintain a strong alliance for free world security.

Madam President, as I have already said, Secretary Rusk has left for Europe. We hope he will return with good news.

As Premier Khrushchev finds himself at six's and seven's, as we know he does, with Mao Tse-tung and Marshal Tito, let us hope that situation will not cause him to apply the old maxim of Napoleon—namely, that for domestic troubles, the cure is foreign war.

Someone has said that Khrushchev is afraid of the splintering effect on communism of Tito's rightist government, on the one hand, and of Mao Tse-tung's leftist government, on the other. Is this Khrushchev's reason for being on the Berlin warpath? Madam President, I do not know; I cannot look into the mind of that leader of the great, dynamic, evil movement called communism. How serious he is about Berlin is almost anyone's guess.

But we have definitely stated that we are in earnest about protecting the freedoms of the people of West Berlin; and the action taken by Congress in the last few days confirms the fact that once again American unity is in the saddle in relation to foreign policy. Congress has voted all that the Chief Executive has asked; we are one in the defense of America.

Madam President, I was much interested to read an article entitled "Behind the Berlin Crisis." The article was written by Roscoe Drummond; and I ask unanimous consent that it be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)



Mr. WILEY. Madam President, in the article Mr. Drummond asks—

Question. Isn't there so much news coming out of Washington about the "military buildup" that it gives the impression that the United States looks upon force as the only response?

Answer. The military buildup is the essential first phase of the American reply to the crisis.

Mr. Drummond also writes:

Question. What is there to negotiate?

Answer. The Soviets propose to make a treaty recognizing the "independence" of the East Zone Communist government which is entirely under Moscow domination. This is like making a treaty with yourself. Mr. K. contends that a Soviet peace treaty with East Germany will cancel Western rights in West Berlin and that thereafter the existence of these rights will depend upon the wishes of the East German Government.

His next question:

Question. What is Mr. K. really after?

Answer. The Soviets say they want and will respect West Berlin as a "free city."

Madam President, all of us know from past experience that we cannot trust the Communists.

Mr. Drummond's next question:

Question: Might the Berlin crisis bring on war?

Answer. The Berlin crisis is deadly serious and uncertain. War could come, but the highest officials of the Government do not believe that Mr. Khrushchev intends to risk war and that the best way to preserve the peace is to make sure that the Kremlin understands that it cannot have its way by threatening war. That is the reason for the United States and NATO military alert.

Madam President, today the chairman of the Foreign Relations Committee read into the RECORD certain matters. On page 10 of the committee's report on the Foreign Assistance Act of 1961 appears a list showing the agencies which have received so-called back-door financing—a large group. I ask that the list be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. WILEY. Madam President, I also ask unanimous consent to have printed in the RECORD a statement showing the amount of foreign aid funds spent in the State of Wisconsin between 1954 and 1960. It amounts to approximately \$20 million.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 6.)

Mr. WILEY. Madam President, I have consumed some 20 minutes. I thank the Chair very much.

#### EXHIBIT 1

STATEMENT BY THE HONORABLE ALEXANDER WILEY, OF WISCONSIN

The CHAIRMAN. The Senator from Wisconsin.

Senator WILEY. I wanted to say that I appreciated your statement very much, sir.

The matter of foreign aid, I believe, will have to be resold to the American people, because of the sort of misrepresentations and articles that the chairman referred to.

My mail indicates clearly that people have an idea that foreign aid doesn't result in any domestic aid. Your own statement makes it very clear that the purpose of foreign aid is, as far as possible, to build allies and keep

us out of a third world war. Am I right in that respect?

Secretary RUSK. It is one of the great efforts toward peace in which we can engage.

Senator WILEY. I think there is another sales job that needs to be made. The American people must not only understand the details of foreign aid, but also what it does for them. How much money do you expect to spend the first year in foreign aid?

Secretary RUSK. You mean under this program?

Senator WILEY. Yes.

Secretary RUSK. \$1,690 million plus the \$900 million borrowing authority is the new obligatory authority we are asking for.

Senator WILEY. Will we have a sheet telling us how much is going into country X, Y, and Z?

Secretary RUSK. Yes, sir; that is worked out in the total detail that will be presented in executive session.

#### FOREIGN AID FUNDS SPENT FOR GOODS AND SERVICES IN THE UNITED STATES

Senator WILEY. I think it is all important to show that a great deal of the foreign aid will create jobs in this country if we make what other countries need and that we will have employment resulting therefrom. Am I right in that respect?

Secretary RUSK. A very large portion of foreign aid funds will be spent for goods and services originating in this country.

Senator WILEY. Do you have the figures on that? What percentage of the total that you have just given us is that?

Secretary RUSK. Under the programs as presently designed, actually these expenditures will be almost 100 percent except for salaries spent overseas.

Senator WILEY. I didn't hear that.

Secretary RUSK. It would be almost 100 percent except for salaries to people overseas in terms of expenditures. This would be an original expenditure of 80 percent in this country beginning now, let us say, and another 10 percent spent back here in this country shortly thereafter.

So somewhere between 90 and 100 percent—90 percent in terms of goods and services spent in this country.

Senator WILEY. Have you any estimate as to the number of jobs that that would create?

Secretary RUSK. A study has been made on that, sir. I don't have those figures immediately at my fingertips.

#### USE OF SURPLUS OF COMMODITIES

Senator WILEY. There is another thing I think that the American public should be informed on, and that is that a considerable part of our foreign aid will be in the form of surplus farm products; is that right?

Secretary RUSK. Yes.

Senator WILEY. How much surplus commodities in terms of dollars will we send?

Secretary RUSK. The proposed authorization under Public Law 480 establishes a \$2.5 billion limit on the level of sales agreements in any calendar year. We anticipate that about \$1.7 billion at CCC costs and approximately \$1.2 billion in U.S. export market costs would be distributed in fiscal year 1962 under title I sales of this program.

#### JOBS CREATED BY FOREIGN AID

Senator WILEY. Did you give me the figures of how many will be employed in America as a result of the program?

Secretary RUSK. I am informed that some years ago in a study, which I do not have at my fingertips, that it was estimated that some 750,000 jobs would result from the foreign aid program. That would have to be recalculated, I suppose, at the present time.

(The information referred to is as follows:)

"The only available estimate of the number of employees whose work is attributable to the foreign aid program is that of the Na-

tional Planning Association which in 1957 conducted a study of the relationship of the foreign aid program to the U.S. economy. The association reported that approximately 530,000 persons were directly or indirectly employed in providing goods and services for the foreign aid program. In addition, an estimated 184,000 workers were employed in producing, processing, and transporting that portion of the surplus agricultural commodities and military hardware abroad under our aid programs. Thus, the association concluded, total foreign aid expenditures, including surplus shipments, accounted for 715,000 jobs in 1957."

Senator WILEY. If that many are employed, that makes a contribution to the economic health of this country, does it not?

Secretary RUSK. Yes.

Senator WILEY. Did I understand you to say that all except 10 percent of the funds would be spent in this country?

Secretary RUSK. That is the present estimate.

#### BREAKDOWN OF COUNTRY FIGURES

Senator WILEY. Will you give us a statement for the record showing the estimated breakdown of what you expect to spend by country for the first, second, and third year?

Secretary RUSK. We will submit that for the record, sir, for the 3-year period. I am not sure that we have the estimates on the third year, but we can give you the best we have.

(The information referred to is as follows:)

"We expect that our lending programs will total \$1.2 billion in fiscal year 1962 (including \$300 million in loan repayments); \$1.9 billion in fiscal years 1963 and 1964.

"It is not possible to break out these programs in advance by geographic area at this time. However, it is known that for fiscal year 1962 India, Pakistan, and Brazil will account for a very large share of the development lending. In executive sessions on Thursday and Friday, we will be prepared to go into further detail on the individual country eligibility for development loans."

#### BENEFITS OF PROGRAM

Senator WILEY. Is it a matter of history that the Marshall plan has practically resulted in the recovery of our allies, like Britain, France, and others and they are economically sound again?

Secretary RUSK. This is one of the most far-reaching facts of the history of the post-war world, yes.

Senator WILEY. Is it also believed that the aid that we have given in the past has resulted in keeping us out of a third world war?

Secretary RUSK. It has helped a great deal in building a world community which is moving toward a peaceful society, working through such organizations as the United Nations. Had the disorders which followed World War II been continued indefinitely without massive help from us, we could easily have been in world war III by this time and had these newly independent countries not been given some chance in many cases to get off the ground and start their forward movement in economic and social development, I think the disorders and the unrest might easily have drawn us into a war.

Senator WILEY. I hope I can be here Tuesday when you come back. This morning I have three subcommittees meeting at the same hour. I want to go into executive session with you on specific territories and ask some questions that I don't care to ask publicly and that I think are very pertinent. I feel if there is anything that needs to be done it is to make the American people aware of what you have testified to this morning—first, your statement, which I think is a very brilliant statement of the reasons for foreign aid; and secondly, your



replies to my questioning showing that the foreign aid is really domestic aid, insofar as America is concerned. It has been keeping us out of war, keeping the economy healthy, keeping men employed, keeping industry busy and keeping the farm products going out. All of those things, in my opinion, are arguments in favor of this program that you are now presenting.

Thank you, Mr. Chairman.

#### EXHIBIT 2

##### MAIN PURPOSE OF THE BILL

The main purpose of the bill is to give vigor, purpose, and new direction to the foreign aid program. Thus, the stress of the program is shifted to development loans repayable on manageable terms and conditions but in dollars. Long-term financing becomes available to the new aid agency, a simpler structure which will include the Development Loan Fund and the International Cooperation Administration. Less emphasis is placed on and fewer funds are granted to direct support programs. Self-help and long-term development planning are now the chief criteria against which the bulk of economic aid is programmed.

Funds for categories of economic and technical assistance other than the contingency fund, are authorized to be made available until expended. The same is true of military assistance. This means that unused funds in these categories are carried over into another fiscal year instead of automatically returning to the Treasury. The bill, in short, stresses orderly economic growth and gives continuity to the programs that will encourage and sustain much of this growth.

#### EXHIBIT 3

In addition, the bill contains these major provisions:

1. It repeals and supersedes the Mutual Security Act of 1954, as amended.
2. It authorizes funds that will remain available until expended for development grants, supporting assistance, investment surveys, international organizations and programs, and military assistance that will remain available until expended. The primary purpose of providing this kind of authority is to discourage the practice of hastily obligating funds near the end of the fiscal year in order to place aid administrators in a stronger position to seek further appropriations.
3. The development loan program is given long-term financing with authority to borrow up to \$1.187 billion from the Treasury in fiscal year 1962 and \$1.9 billion in each of the following 4 fiscal years.
4. The military assistance program is given a 2-year authorization at the level of \$1.8 billion a year.
5. The President is authorized to draw on up to \$200 million of existing Department of Defense stocks for the military assistance program.
6. The sum of \$5 million is authorized for the purpose of encouraging surveys of investment opportunities by private interests (title IV). This is a new authorization.
7. Authority is provided to carry out programs of development research into various problems of economic and social development (title V.) This is a new authorization.
8. Technical cooperation programs are continued, but within the framework of a new category, development grants, which will emphasize the development of human resources and the institutions necessary to social and economic development.
9. Authority is provided to continue issuing investment guaranties up to \$1 billion total face value. Also, in special situations the President may issue guaranties against a portion of loss due to any risks not otherwise insurable. The authority for guar-

anteeing risks of this character is limited to \$100 million.

10. The aid program is reorganized. A new aid agency will be established within the Department of State. The International Cooperation Administration is eliminated, and the Development Loan Fund in a new form is to become a part of the new agency. Provision is also made for improved administrative and personnel practices.

11. There is provided a \$5 million revolving fund for the procurement of excess Government property that can be utilized by the aid program.

#### EXHIBIT 4

##### BEHIND THE BERLIN CRISIS

(By Roscoe Drummond)

WASHINGTON.—Here are answers to the questions most frequently asked a Washington correspondent about the Berlin crisis:

Question. Isn't there so much news coming out of Washington about the "military buildup" that it gives the impression that the United States looks upon force as the only response?

Answer. The military buildup is the essential first phase of the American reply to the crisis. It is the necessary prelude to having any chance of useful negotiation. The United States must negotiate from strength if it is to negotiate successfully. The United States must demonstrate its strength and its firmness if it expects Britain, France, and our North Atlantic Treaty Organization allies to do the same.

American officials believe that Premier Nikita S. Khrushchev has been assuming we would not have either the strength or the stamina to resist his objective of getting West Berlin under Communist rule.

The first phase of our response had to center upon disabusing Mr. Khrushchev of the false premise that he could bluster and blackmail the West into appeasement.

Question. What next?

Answer. The United States is willing and expects to undertake four-power negotiations with the Soviets with respect to Berlin. The American, British, and French foreign ministers will concert their ideas at a conference in Paris in early August and will consult with Bonn. If the Soviets want to negotiate, the West will be ready and willing.

Question. What Western rights are at stake in the Berlin matter and how did the West acquire these rights?

Answer. Western rights in West Berlin do not come from the Soviet Union and cannot be unilaterally extinguished by the Soviet Union. There are three central "rights":

The freedom of the 2,225,000 people of West Berlin whom we have pledged to protect.

The right of these people to a government of their own choosing.

Full allied access to West Berlin along air, rail, and road routes accepted by all four powers at the end of the war and reaffirmed in the agreement which ended the Soviet blockade in 1949.

The West's rights in Berlin stem from the defeat of Nazi Germany. It was the original hope that Berlin would be governed as one unified city by the four powers and ultimately be a part of a unified Germany. When the Soviet Union put its zone in East Berlin under Communist rule and, in effect, made it part of its East zone Communist regime, the four-power government of Berlin broke down and West Berlin has been supervised by the three allies.

The Soviet Union's rights in East Berlin were not given by the West, and Western rights were not given to America, Britain, and France by the Soviet Union. This is why the Soviet Union has no title to extinguish those rights.

West Berlin, though surrounded by East zone territory, does not stand on East Ger-

man soil. It stands on its own soil as prescribed in the occupation statute which was signed by the four powers.

Question. What is there to negotiate?

Answer. The Soviets propose to make a treaty recognizing the independence of the East zone Communist government which is entirely under Moscow domination. This is like making a treaty with yourself. Mr. K. contends that a Soviet peace treaty with East Germany will cancel Western rights in West Berlin and that thereafter the existence of these rights will depend upon the wishes of the East German government.

The allies refuse to accept the proposition that any action by the Soviet Union can affect Western rights since these rights did not come from the Soviet Union. They came from the defeat of Germany and are confirmed in agreements with the Soviet Union even as Soviet rights in East Berlin were confirmed in agreements with the West. Now Mr. Khrushchev proposes that the Communists retain their rights in East Berlin and that the West give up its rights in West Berlin.

The West will not do so. The West will not renege on its moral and political obligation to defend the freedom of the people of West Berlin. But it will negotiate how these rights can more smoothly, more harmoniously, more effectively, more prudently be safeguarded and utilized.

Question. What is Mr. K. really after?

Answer. The Soviets say they want and will respect West Berlin as a free city. That's not a reliable guarantee as Hungary, Poland, Rumania, Albania, Czechoslovakia, Latvia, Lithuania, and Estonia have found out to their sorrow.

Moscow had treaties of nonaggression with these countries. At Yalta, the Soviets promised free elections so these countries could have governments of their own choice. The Soviet Union took over all of these countries and so when Mr. Khrushchev promises to respect Berlin as a free city, we have to realize that he is playing with words.

In more candor Mr. Khrushchev has described West Berlin as a bone in my throat. If West Berlin—prosperous, democratic, a radiant oasis of liberty which attracts 4,000 to 5,000 of fleeing East German weekly—is a bone in Mr. Khrushchev's throat, he will hardly be removing it by making Berlin a truly free city. It is more realistic to assume that he means to pluck it out—if possible.

Question. Might the Berlin crisis bring on war?

Answer. The Berlin crisis is deadly serious and uncertain. War could come, but the highest officials of the Government do not believe that Mr. Khrushchev intends to risk war and that the best way to preserve the peace is to make sure that the Kremlin understands that it cannot have its way by threatening war. That is the reason for the United States and NATO military alert.

#### EXHIBIT 5

Reconstruction Finance Corporation.  
Commodity Credit Corporation.  
Defense Production Act of 1950.  
Export-Import Bank of Washington.  
Federal Deposit Insurance Corporation.  
Farmers Home Administration.  
St. Lawrence Seaway Development Corporation.  
Federal home loan banks.  
Federal National Mortgage Association.  
Housing and Home Finance Administration.  
Federal Savings and Loan Insurance Fund.  
Rural Electrification Administration.  
Federal Ship Mortgage Insurance Fund.  
Federal Civil Defense Act of 1950.  
Small Business Administration.  
Informational Media Guaranty Fund.  
Veterans direct loan program.  
Investment guaranty program.



Panama Canal.  
Virgin Islands Corporation.  
District of Columbia.  
Helium Act, as amended.  
Area Redevelopment Act of 1961.  
Tennessee Valley Authority.

EXHIBIT 5  
WISCONSIN

Total, January 1954-June 1960

City:	
Appleton.....	\$1,741
Baraboo.....	13,874
Belgium.....	6,891
Beloit.....	184,493
Burlington.....	2,640
Clintonville.....	532,671
Eau Claire.....	137,967
Edgerton.....	22,621
Fond Du Lac.....	502,464
Fort Atkinson.....	11,520
Green Bay.....	2,335
Janesville.....	56,940
Kenosha.....	1,860,792
Kohler.....	114,326
La Crosse.....	392,745
Madison.....	246,251
Manitowoc.....	1,621
Marinette.....	18,972
Milton.....	362
Milwaukee.....	11,834,485
Oshkosh.....	552,544
Port Washington.....	1,855
Racine.....	3,347,227
Rothschild.....	2,710
Sheboygan.....	12,700
Superior.....	2,181
Waukesha.....	42,174
West Allis.....	38,726
West Bend.....	38,552

Total, Wisconsin..... 19,984,380

Mr. MANSFIELD. Madam President, I wish to compliment the distinguished Senator from Wisconsin, the ranking minority member of the Foreign Relations Committee. As always, he has shown great courage and great understanding, regardless of which administration is in power; and I want him to know that I am deeply appreciative because of the understanding he has shown and the statesmanlike attitude which has consistently been his, both as chairman of the Foreign Relations Committee and as its ranking minority member.

Mr. WILEY. Madam President, permit me to express my appreciation. After all, if there is anything a Republican likes to have from a Democrat, it is more appreciation. [Laughter.]

Mr. CASE of South Dakota. Madam President, I would not want Democratic Senators to be the only ones to express appreciation of the dynamic speech delivered by the Senator from Wisconsin. Of course I do not always agree with everything that is said on the floor of the Senate; but I heartily congratulate the Senator from Wisconsin on his vigorous presentation and on his firmness in presenting an American viewpoint.

Mr. WILEY. Madam President, let me also express my appreciation to the distinguished Senator from South Dakota. It is most encouraging to one who refuses to speak a great deal in the Senate Chamber to get his message across at a time when the attendance is so large.

Mr. JOHNSTON. Madam President, for nearly 17 years we have poured money out hand over fist to the four corners of the world to try to stop communism and preserve the peace, and today we find ourselves in the same fix we

would have been in if we had never spent one nickel on foreign aid—we must stand prepared to fight for freedom as men have had to do ever since history has been recorded. We cannot buy freedom with money, and for this reason during my 17 years in the Senate I have always opposed foreign aid programs.

Back in 1950, one of the issues raised against me in my campaign for reelection to the U.S. Senate was my opposition to the original of all foreign aid programs. I can remember when I was the only Member of the U.S. Senate standing against such programs, but today the picture is different.

There are many other Members of the Congress and the Senate who are opposing foreign aid, and proponents of this latest long-range foreign giveaway project are reported to be in a position to compromise on some of the more objectionable features of the bill.

I am pleased to see this change in outlook by some of the Members. I think if they will only consider this proposed bill with me for a while, they will come to agree that there is nothing in it which is not objectionable and vote to kill it.

Through the years there have been many labels applied to the various and sundry foreign aid projects pushed through the Congress. They have been called the Marshall plan, the economic recovery program, mutual security, international cooperation, and a multitude of other slang titles applied by the newspaper writers. None of these names has ever fooled me, for each and every one of these projects has been nothing but a giveaway bill amounting to nothing less than a gigantic handout.

When I first opposed these programs I opposed them on what I believed to be sound reasons, such as the age-old theory that we cannot buy friends with money, and that when we give money away to friends you create enemies and stir up jealousies. In the zeal of their campaign to buy world friendship through our purse strings, proponents of foreign aid waved aside every time-honored logical reason against the program.

The belief that money talks ruled the temperament of administrations and Congress. As a result, our foreign policymakers have sat back in a state of lethargy, leaving it up to all this money to do our talking for us. Today we are reaping the harvest of threats, coercions, and Communist aggressions and advancements on all fronts in the world.

I think it is imperative, before the Congress votes on the pending foreign aid bill, that we look at the failures and shortcomings of what has gone before. There is nothing like a little history to teach us the errors of our ways.

In the first place, there has been too little control and too few strings attached to these handouts. The money, once it has left our country, has been allocated in all directions into practically every kind of program in the world except what the American people thought it would be used for when it left their hands. We know from investigations, newspaper reports, committee hearings,

and by other means, that in most of the countries the net result of these giveaways has been to make the rich richer and the poor poorer. It has magnified classism in nations, leaving the ruling class to benefit from our foreign aid money and the poorer class to drift aimlessly into the hands of Communist propaganda.

One beautiful example of this messy creation of ours can be found in Korea where the people themselves have risen up in revolt against the ruling class because of the ineffective handling of foreign funds and because of corruption which developed in the ruling class as a result of our foreign aid program.

It is true that the Communists have not taken over in South Korea, but I would dare to say that the morale of the South Korean nation is at a lower point today as a result of our foreign aid than it was before we started it. If war were to develop in Korea, I doubt seriously if South Korean forces would last long and American forces would once again have to intervene and do the fighting. That being the case, I do not see where foreign aid has done any good in this country.

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. JOHNSTON. As further testimony against more foreign aid, we have only to look to the statement of Maj. Gen. You Sang Hoo. Arriving in Los Angeles last month on a good-will tour, he said of our foreign aid program:

You poured water in a bucket that has many holes.

He said the aid was wasted because of corruption and charged that the military junta took over in Korea because of this corruption. In addition, he charged that the previous cabinet, which is now under arrest, had established direct connections with North Korean Communist agents. What further proof do we need of the complete failure of our foreign aid than this?

In the case of Laos, another recipient country of our foreign aid, the same situation holds true. We have poured over \$300 million into that country of over 2 million people, and today its military machine is on the verge of collapse in the face of Communist guerilla forces. In June 1959, before many Americans aside from the foreign aid program people, had heard of Laos, I warned that we were pouring money down a rathole in that country. I pointed out that we were sustaining the entire military budget of that nation.

We were paying the salaries of the soldiers, paying for their food, their clothing, and their military equipment.

At that time, even though we were completely sustaining that nation's 25,000-man army, the military leadership in Laos adamantly refused to take the military advice given them by our advisers who were on the scene handling the foreign-aid program. Obviously, the money was not used wisely, and today we see the consequences.

Let me read to the Senate what I said in 1959, long before the Lao crisis erupted. This is a direct quotation from the CONGRESSIONAL RECORD:



Mr. President, I charge that a 25,000-man army in Laos could not hold back a single attack from the Red Chinese hordes if they ever decide to go into that country, and certainly a 25,000-man army against 600 million people is not frightening anybody from making such an invasion. The truth is that all this money for military and economic assistance has accomplished little or nothing in Laos or any other southeast Asian country, and I doubt if it has in any foreign country.

Madam President, this is one of the saddest "I told you so" stories I have ever had to recite. Regrettably, it is not the only one, and probably will not be the last. Today, to the embarrassment of us all, we face the same situation elsewhere.

Let me call to your attention a statement I issued to the press in response to Pakistan President Ayub Khan's recent message to Congress. I warned that his words amounted to no more than a threat of intimidation. He was giving us a subtle ultimatum—either we pay his country millions of dollars to embrace democracy or he would turn to communism. The Pakistan President was telling us in no uncertain terms that when the money runs out so does the friendship.

At this very moment, the same ultimatum is being hurled in our faces. Instead of the Pakistan President, it is the Tunisian Government that is threatening to seek Russian aid in the clash over Bizerte. It all amounts to a case of blackmail to turn the United States against France. The words of Tunisian Ambassador Habib Bourguiba as he left the conference table with Secretary of State Dean Rusk are practically identical to those of the Pakistan President. His words were:

I suggest the free world act now before another world does.

Need I say more about "I told you so's"? Here is a case of our foreign aid in action. It took barely 2 weeks for another country to issue its ultimatum to the United States.

If the United States is going to permit itself to surrender to this kind of blackmail, then it might just as well hand over its position as leader of the free world.

There is no question but that we have been on the wrong foreign-policy track too long. The right track is the one that the President outlined in his address to the Nation on the Berlin crisis. We must spend this money to build up our own military defenses and to stand as guardian for these nations if we intend to save them from communism. We cannot do it with dollars alone, as money will never create "free" nations. There is no price tag for democracy. It cannot be bought; it must be won through suffering, perseverance, and brotherly love. The longer we attempt to buy democracy for others, the longer we will end up at the conference table giving away something.

We have lost half of Korea at the conference table; we lost half of Vietnam at the conference table; we are losing half of Laos at the conference table. We have lost Cuba right under our noses, and despite warnings from me and other responsible people who knew that Castro was tied in with the Communist elements, but whose voices were drowned out by

the liberal press and the foreign-aid one-world theorists in the State Department. We have lost ground in Africa and we have lost ground in the Near East.

Despite the nearly \$90 billion which has been spent in all forms of foreign aid over the past 15 years—and this includes money in the pipelines—we have not gained 1 single inch of territory for freedom. We have not saved a single soul from communism. To the contrary, communism has gobbled up millions of people and millions of square miles of territory.

There is only one answer to communism and it is not the dollar diplomacy of our foreign aid programs. It is strength, a show of force, and the resoluteness to follow through and show the world that we mean what we say when we state our position or make our stand. As I told the U.S. Senate in 1959, when Khrushchev was planning to come to America on his so-called good will tour, Khrushchev is swayed by power, not reason.

Madam President, when we go to the conference table we attempt to use reason. Similarly, when we embark on foreign aid programs we attempt to use reason. The reasoning in foreign aid stems from the theory that we are doing something nice and good for someone or some country and therefore that country is naturally going to want to be like us. The Communists are not sitting idly by doing nothing while we are throwing away money. The Communists are at work night and day spending their money on military might, threats and propaganda. This, to some underprivileged nation sitting just across the street from the Russian Kremlin, has more effect than our dollar diplomacy.

When our dollars are spent, those nations still will be sitting there with the same situation facing them. Let us consider what Russia has done in Cuba if we wish to see how the Communists work. Russia gives Mr. Castro planes, ships, guns, tanks. Mr. Castro gives Mr. Khrushchev sugar. The United States sent foreign aid to Cuba, but what good did it do?

The completely idiotic aspect of the whole program can be summed up in the \$52 million in foreign aid money which we have given Cuba since 1945. I ask the advocates of foreign aid are we getting \$52 million worth of cooperation and mutual security from Cuba? I do not hear the advocates of foreign aid saying too much about that these days. I simply cannot for the life of me understand such reasoning. The only thing we have received from Cuba for having given them \$52 million has been the seizure of every penny's worth of private property owned by Americans in that nation. They have robbed our people of all private property, they have coerced our citizens, jailed some, and even executed some. They have confiscated property valued at approximately \$1,500 million.

I know immediately the advocates of foreign aid will say, "but most of our foreign aid assistance to Cuba came before Castro." This may be true, and if it is, it simply underscores the futility of foreign aid. Our dollars appear to have

bought us nothing more than a cigar-smoking, carbon copy of Khrushchev.

However, it is even more difficult to explain the 1959 and 1960 foreign-aid funds given to Cuba as found in the ICA Office of Statistics and Reports report dated March 31, 1961. It shows that Communist Cuba has received approximately \$1.9 million in assistance of various kinds since Castro took over. This, to me is the height of mismanagement and certainly is an insult to the taxpayers of America, who must dig up out of their pockets not only to repay this money but also to pay interest upon it, I daresay until our grandchildren die—money which we had to borrow. How many Americans will have to pay income taxes in order to repay the almost \$2 million which has been sucked down the Cuban Communist drain? Every American taxpayer and certainly every U.S. Senator before he votes on this preposterous foreign-aid bill should understand that the money we sent to Cuba to build democracy has constructed a Communist stronghold which is kicking us in the rear end every time we turn around.

Even so, I daresay there are some day-dreamers down in the State Department planning right now to rush down to Havana with more aid, if not directly, then through the United Nations.

Consider Japan. I do not think anyone can and prove to me that our foreign aid has brought us any tremendous friendship and alliance with Japan. This, at least, was the argument used by the State Department for years against halting the importation of Japanese textile goods to this country. This was a form of foreign aid, in addition to all our other projects of help to that nation. When our President wanted to go to Japan last year on a good will visit, the Japanese Government was so weak it could not prevent a Communist-led mob from stirring up so much disapproval throughout Japan that our President had to cancel his trip. That was the thanks we received for having invested millions of dollars in foreign aid, rehabilitation funds, food, clothing, and so forth, in Japan. It makes no difference that Communist mobs stirred up the violence; it simply points up the failure of foreign aid. All told, latest figures indicate we pumped \$3,462 million into Japan, in rehabilitating her industries and pump priming her commerce and economic posture. As one on-the-scene correspondent testified before the Foreign Relations Committee, regarding our foreign-aid operations in Japan, we were taken for suckers.

I wonder whether any one of the sponsors of the foreign-aid bill can tell me to what lengths and to what extent the Japanese people, the Japanese military, and the Japanese Government would go to defend the United States, should we be unilaterally attacked by Russia. Would we receive \$3,462 million worth of support, or would Communist mobs disrupt the function of the Japanese Government, tie up its ports, and prevent her from even giving us token support?

Let us look at another ridiculous aspect of this foreign-aid program in rela-



tion to our domestic economy. The United States Government bought from foreign producers, through the foreign-aid program, 62 percent of all its textile needs. This represented in that year alone \$16 million worth of textile goods purchased on the foreign market.

Madam President, think of what a \$16 million purchase placed with the domestic American textile producers would do for our textile industry, which has been threatened with extermination by foreign competition. We sent the money and technical assistance, through foreign-aid programs, to Japan and other nations, to build up their textile industries. They have no depreciation allowance problems; they buy the cotton off the American market at prices lower than those at which the American textile manufacturers can buy it; and they use the cheapest labor in the world to compete unfairly with our industries and workers. This is bad enough, but to have our Federal Government purchase more than one-half of all its needs in this field from foreign mills is horrifying.

If this keeps up and if our domestic textile industry goes broke and stops producing—as one stupid spokesman in the State Department has implied should happen—where will the American Government purchase textile goods in case of war? If we suddenly have to have 5 million uniforms for our soldiers, are we going to depend on the Japanese textile industry? If our President could not visit Japan in time of peace because of Communist riots, how can we expect to obtain permanent delivery of military clothing in time of war? I presume the State Department officials who say the American textile program can be sacrificed under our foreign-aid program have some secret way to keep the Japanese mills running for us during war, and to get the goods back to us, over thousands of miles of open Pacific Ocean, without having the ships sent to the bottom.

Madam President, it should be remembered that Japan had no textile industry after World War II. The United States at that time was the world's largest and foremost producer and exporter of textiles. In the brief span of 15 years, without machinery, our money, our technical know-how, our markets, and our cotton, Japan has become the world's largest single textile manufacturer and exporter. This is foreign aid, all right; but I fail to see what good it is doing for America or for peace.

In my opinion, our foreign-aid program has accomplished for the Japanese one thing which armies and navies could not do in World War II—namely, the capture of our textile markets throughout the world.

All this points up a side of this foreign-aid program which in my opinion is even more important than its ineffectiveness abroad. This is the ill effect which foreign aid is having on our own economy. In the first place, it should be pointed out that ever since foreign-aid programs were conceived, they have continued to grow. We have become involved in responsibilities we can never discharge or complete. If we spend a dollar this

year, next year we shall need \$2 to carry it on, and the following year we shall need \$3 to complete it, and so on. The appropriations and demands keep multiplying. It is an endless treadmill for the American taxpayer. Throughout it all, no thought is being given to what the program is doing to the poor taxpayer and to the Nation's economy.

Madam President, if we had all this money to spare, so that we were free to give it away, and did not have to tax our people for it, that would be different. But these funds are obtained only by taxing the American people; and the tax burdens we must therefore impose on them may continue for 100 years.

Our foreign aid program has been one of the most carelessly operated programs in the history of our Nation. Never have so few wasted so much on so little in such a short time. Ninety billion dollars have been thrown down the drain in 15 years by a small army of bureaucrats whose sole design in connection with most of the program has been to create a never-ending operation which will perpetuate them in office forever.

Many times more consideration is given to stretching out the job and the work than is given to whether the program is needed or is doing any good. Paved highways have been built through jungle territory, where the people have never seen a car, and aircraft have been given to nations who have no airports on which to land them. There is even the historical record of a huge hydroelectric power dam built in a land where the people did not want it and could not use the power it generated. The list is long of failures, mismanagements, and ridiculous situations perpetrated on the American taxpayers by this monumental fraud called mutual security.

In many of the nations where we have poured millions upon millions of dollars, the entire population is completely ignorant of the fact that one penny, one piece of equipment, one mouthful of food originated out of the pockets of hard-working American taxpayers. In many of these very same countries, the population does not even benefit by our good acts.

When we gave away our first dollar of foreign aid we opened up the biggest international Pandora's box in the world's history. To those whom we give, we must keep giving or they threaten to reject us and turn to the Communists. Those to whom we have not given, threaten to turn to the Communists unless we do.

On some occasions our Government has even poured foreign aid into the hands of Communist ruled nations. In fact, a great deal of foreign aid was sent behind the Iron Curtain while our Government was neglecting Latin America. The Philippines and the Liberians and other friends, bitterly complain that we have done nothing or not enough for them. The whole situation reminds me of the reading of the late rich uncle's will. No matter what he gave to anyone, it was not enough or it was the wrong thing. We are in the same boat as a nation. We either do not do enough

or it is the wrong kind to the wrong people. We should have never even started. When the money is gone and the taxpayer is broke and our backs are against the wall, we will find out that the only thing foreign aid has done is to create jealousies and enmities among nations and weakened our economy.

To highlight the idiocy of our foreign aid program, I would like to bring to the attention of the Senate the fact that the United States under its technical and economic cooperation program constructed in Poland behind the Iron Curtain a \$2,500,000 continuous operation steel-galvanizing factory, the only one of its kind in the entire Communist world.

This plant was dedicated by Red Poland's acting premier on July 12. This is the same Polish Communist who in April of this year led an anti-U.S. rally in Poland. When the new plant opened, he praised the technical and economic cooperation program which brought the facility to Poland. It is easy to see why he would praise a program that would take money out of the pockets of American taxpayers and construct a factory in Communist Poland to help the Reds in their rearmament program, not to mention the boost to Red employment and economy. This plant was not built in a day and was under construction at the time the Polish Premier was leading the anti-U.S. rally. Neither has this plant—called the Lenin Steel Works in honor of the first great Russian Communist leader—deterred Mr. Khrushchev in his saber rattling over Berlin nor has it engendered Polish friendship. We are still the suckers. I hate to tell the taxpayers of America this, but I am afraid their \$2½ million have gone down the drain to come back at us in the form of Soviet arms at some future date. It is sadly reminiscent of the scrap iron exports to Japan that preceded World War II. The dreamers who hope to democratize Red Poland with American industry had better take a more practical look up the barrels of Mr. Khrushchev's guns before they send more money after bad.

There is another interesting aspect of our foreign aid program and its effect upon the people it is supposed to be helping. For example, in India we devoted eight times as much money to the development of heavy industry in that nation, all of which will be, if not now, competitive with American industry, than we spent on elementary education for India. In fact, they spent twice as much on one steel mill in India as they did on all elementary education. Our planners have gone crazy. Instead of educating the ignorant masses into the ways of democracy and freedom, they have spent money building steel mills to compete with us abroad.

There are more, unbelievably more, examples of waste, inefficiency and ineffectiveness initiated by this program. It is a blind program, a program which wears a disguise, and we are quickly being caught in its trap.

I have pointed out examples. I have shown what foreign aid has brought us in Cuba, in Korea, in Laos, in Pakistan,



in Japan, in Poland. But that is not all—the list is endless. And, I warn you, the longer we continue to tease these underdeveloped countries with America's "free" money, the longer we will be playing a treacherous game of dishonesty.

In this pending bill the American people are being asked to throw \$8,800 million down the drain. Such a reckless bill will only bring more threats and ultimatums, more galvanized steel mills behind the Iron Curtain, and more red flags waving 90 miles from our own shores. The very people who have been charged with bungling foreign-aid programs and wasting billions of taxpayer dollars will now have 5 years—unchecked by Congress—to give handouts to neutrals, enemies, or anyone else who will accept them. This bill is a lifetime license to squander. As judges over the record of previous foreign aid, it is our duty to revoke the license—not renew it for life.

Let me remind the Senate that the power to appropriate and raise revenues rests with Congress and not with the executive branch. It is the Members of Congress who must bear the burden and heavy responsibility for inflation, for unbalanced budgets, for our all-time high public debt.

To further emphasize the financial burden of this proposal, let me quote a comparison made before the hearings conducted by the Senate Foreign Relations Committee on this bill. Mr. Elgin Groseclose, who was representing the Citizens Foreign Aid Committee, declared that:

Our overseas payments are the equivalent of the receipts of our entire telephone industry; or that it takes all the income of the automobile industry, both returns to workers and to investors, to meet this foreign aid bill; or that we pay out through our various overseas programs all the revenues generated by the gas and electric utilities industries.

For Congress to throw away its responsibility to check upon and to make appropriations would be disastrous. It would be a violation of the trust placed upon each of us by the U.S. Constitution and the people of this country.

This pending bill amounts to reprehensible back-door spending on an unprecedented scale. The annual appropriation system, which has previously provided for vastly expanding U.S. Government activities, including two major wars, most of our domestic programs, including billions in foreign aid, is now suddenly considered inadequate to finance the social development of Africans, Asians, and Polynesians. Consequently, this outrageous proposal authorizes the President to make loans for projects in unspecified areas of up to \$900 million in 1962, and \$1,600 million for each 4 years thereafter by borrowing from the Treasury. In short, it all boils down to a devious method of putting foreign aid casually and carelessly outside of our regular appropriation process.

In my opinion, the strongest drive behind this long-range 5½-year bill lies not with need, but with fear—fear from the foreign-aid backers that public opinion will overwhelm the program in an-

other year and someone may be out of not only money, but a program and a job.

Those who would be the first to be dropped from the payroll if we did away with foreign aid are the very ones who have been the chief advisers for keeping the program operating.

They advised former President Truman and former President Eisenhower, and now they are advising President Kennedy to advocate and to spend \$10 billion on the same misleading ideology. They plan the program, run the program, and, quite naturally, they support and praise the program.

The bill grabs \$300 million a year from repayments to the Treasury, which would in normal circumstances go to reducing the national debt or perhaps even to relieving the taxpayer. But that is still not the complete picture. The bill gives the President such wide authority to tap other programs and resources, including military and strategic stockpiles, that the total outlay will be far greater than \$8,800 million. I would estimate an approximate total of \$10,500 million will be spent over the next 5 years, not including \$1,800,000 in military aid, plus such sums as may be necessary to implement the act.

Some of the proponents of foreign aid spending have had the nerve to raise the point that, by increasing postal rates, we may be able to help balance the budget and eliminate some of our deficits. The Washington Daily News recently attacked my position opposing postal rates, charging that I "apparently do not care about deficits or fair play for the taxpayers."

Those proponents of postal rate increases would lead the Nation to believe that we could pay for our rearmament program and our foreign-aid program by increasing postal rates. This is ridiculous. If the Washington Daily News and similar advocates of a balanced budget really want to do something about our deficit and deficit financing, they should join those of us who oppose foreign aid. If we had the \$90 billion that have been spent on foreign aid, our country would not be in a position of having to borrow money.

We would have a balanced budget instead. Now we must pay approximately \$3 billion interest on that \$90 billion. That is about what it costs us today.

It has been pointed out that the Government may have to borrow \$7 billion this year to meet expenses.

I should like to point out that, at the end of the 5 years during which this proposed foreign aid bill extends, we shall have paid out approximately \$625 to \$630 million in interest alone. But that is by no means the end of the interest debt. After these 5 years have gone by, the interest cost on this one bill will continue at the fantastic amount of approximately \$215 to \$220 million per year. It should be clear that I refer only to this newly proposed obligation.

The truth is that, of \$75 billion, \$900 million spent between July 1945 and June 1961 on foreign aid, we paid a total of almost \$16,760 million in interest. This

assumes we borrowed the money. We did have to borrow it.

The proposed postal rate increases would only raise roughly one-half billion dollars, which would hardly meet even the interest payments on the proposed pending foreign aid bill now before us. The fact is, more than two-thirds of all the new revenue that would be raised by proposed postal rate increases would come from the first-class letterwriter. Only about one-third would come from second- and third-class mail. Once again, the attempt is to put the burden on the little people.

Those who are proposing postal rate increases try to say we can pay the cost of meeting the Berlin crisis with a 5-cent stamp. This is utter nonsense. Even if it were possible to do so, it would certainly be an unfair method of financing. I do not think the American public desires to demand that first-class mail users finance our military budget or the monstrous foreign aid program. The first-class mail user, now paying 4 cents for the average letter, is actually paying far beyond the cost of handling his mail.

Attempts by the wild spenders to finance their programs at the expense of the first-class mail user is ridiculous. Any defense or foreign aid expenditure is a cost which should be met by all Americans, not just mail users. If the big spenders desire to do something for their country, they will join in the fight to stamp out foreign aid giveaway programs, and certainly oppose long-range, expensive borrowing as proposed in this bill.

I dare anybody to stand on the floor of the Senate to propose that there be attached to the bill the revenue necessary to pay the costs of the bill, then to see whether or not the bill will pass.

The State Department's argument that other programs have been financed by this inflationary backdoor method is hardly impressive when we consider the true realities.

I cannot believe that any Congress would give up rights specifically entrusted to it by the U.S. Constitution and every American citizen. To do so for no more critical emergency than the doling out of ineffective funds to underdeveloped countries would be insanity.

Some backers of the bill say we must pass it because of the Berlin crisis. I say, foreign aid has nothing to do with Berlin or our national defense posture except to be a drag upon our economy. If foreign aid is connected to the Berlin crisis, then it is a big flop, for we stand in Berlin under threats from the Red bloc just as we stood at the end of World War II. I fail to see any connection between foreign aid and Berlin.

I warn Senators—and I hope this warning never turns into another "I told you so"—that the pending legislation will commit us to ends and responsibilities which, by their very nature, we are powerless to attain. But above all, we shall be giving billions of dollars which will never create security or stability, but—as our past experience has proved—will build new and more menacing battlefields upon which our Western freedom must struggle with Soviet to-



talitarianism. Is this what we have been elected to do? To sit here and throw away almost \$10 billion to create another Laos or another Cuba? If this so-called aid which has turned starving nations into battlefields has humanitarian implications, then its connection with America's security and interests is difficult, if not impossible, to establish.

We cannot force or buy in dollars and cents the democracy and liberty which has taken decades for Americans to build. Whether we give our handouts in 1-year or 5-year or 10-year packages, it will only lead, as it has in the past, to insults, ultimatums, inflation, and eventually perhaps even war.

Foreign aid has never been, and will never be, an effective weapon with which to combat Communist aggression. If Mr. Khrushchev wants to commit fiscal suicide with Soviet funds, then give him the rope with which to hang. Let us not hang ourselves. We have learned the lessons of foreign aid. We cannot afford to ignore them. The future of our Nation is at stake.

It is our duty to leave Americans with a more lasting heritage than a colossal economic hangover brought on by the tragically ineffective narcotics of foreign aid.

The United States has always been a leader, and today stands as the leader of the free world. We cannot afford to falter. We must not permit ourselves to be led astray by attempting to follow programs similar to those advocated by the Kremlin. Ours must be a different choice.

We must pour our every resource into the development of our strength and the strength of our allies. The only way we can ever accomplish freedom and liberty for all peoples is to kill this ridiculous theory of foreign aid, and take up the task of meeting commitments to our allies in the common defense of the free world. For strength, show of force, and the will to live up to convictions is the only language which has been understood by tyrants, dictators, and aggressors throughout history.

The very life of our Nation and the freedom of our allies may well depend on the decision you make here today. I urge every Member of the Senate, for the protection of the citizens of the United States and of our allies all over the world, to vote against this monstrous legislative proposal, which would give up our legislative right and the privilege granted to us under the Constitution of the United States.

#### ORDER FOR ADJOURNMENT TO 10 A.M. ON MONDAY NEXT

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate adjourns this evening it adjourn to meet at 10 a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### FEDERAL AID TO EDUCATION

Mr. HRUSKA. Madam President, in recent days there has been considerable discussion of Federal aid to education with particular reference to federally impacted area.

My attention has been called to a two-installment editorial discussion of Federal aid to education in the Norfolk (Nebr.) Daily News in its July 24 and 25 editions.

That journal for many years had for its publisher the late Gene Huse, beloved and respected by Nebraska citizenry and its editors. Since his recent decease, the News is published by his son Jerry Huse, who is admirably carrying on the tradition so well established by the father.

Mr. Emil "Scotty" Reutzel who recently assumed editorship of that very respected journal is responsible for the two editorials therein to which I refer.

In the conclusion of his first editorial, he stated:

It is possible to admit that many areas of our country are below a desirable norm and still conclude that the appropriation of Federal money will not provide the answers.

He pointed out that the Federal Government does have a role in education in specialized and limited respects. One of those he mentions is that "during the time that our shortage of scientists presents danger to the Nation, it is a proper function of government to encourage a buildup in that field and to provide direct assistance through the granting of fellowships to teachers in order that they may learn better methods of instruction, to provide funds for specialized teaching equipment and to issue scholarships."

This particular reference caused the Senator from Nebraska to recall the debates and the passage of the National Defense Education Act of 1958.

It will be recalled that the Russian's Sputniks went into orbit in November of 1957. Advocates of Federal aid to education immediately assumed the role of alarmists and vociferous crapehangers. There ensued a postsputnik hysteria which was immediately capitalized upon by such advocates who successfully sponsored the passage of the National Defense Education Act of 1958, and the law in August of that year.

This measure was adopted on the assumption that this act was a temporary measure—with a 4-year term—designed to meet a genuine emergency seriously affecting our national defense. In fact, section 101 of the act in the findings and declarations of policy states that, due to existing imbalances in our educational programs, the purpose of the act is to educate more of our population in science, mathematics, and modern foreign languages.

Within that framework of reference, preference was to be given to students who show outstanding ability in any of these fields of science, mathematics, and modern foreign languages.

#### RECORD OF THE PAST 3 YEARS

So here we are in August of 1961, 3 years later. We can now consider the

Department of Health, Education, and Welfare National Defense graduate fellowship announcements for the period from enactment of the law up to 1961-62.

These announcements reports show the graduate training for prospective college and university teachers under title IV of the National Defense Education Act for the period mentioned.

They show a total of 3,840 graduates being trained. Of these only 27 percent were in the fields of physical sciences and mathematics and engineering. The balance were fellowships granted in the field of the humanities.

Only three fellowships were granted in nuclear engineering, which is one less than the four fellowships of graduates who devoted their time and the U.S. taxpayers' funds to Buddhist studies—cultural.

Over 400 of these fellowships spent their time and tax funds to study the classics, drama and the theater, speech, folk lore, music, philosophy, religion, fine arts, and social studies of foreign areas.

The Senator from Nebraska would be the last to say that these courses are not valuable in education. He would not want to downgrade them for 1 minute for their real cultural and educational value. They certainly belong in the educational activity of any nation which claims to be civilized and which is striving to improve itself and the future of mankind.

The thing that is just a little difficult for one to perceive and appreciate is how such courses of study cure the "existing imbalances in our educational programs" which the act of 1958 seeks to cure by educating "more of our population in science, mathematics, and modern foreign language."

Mr. Reutzel's editorials after pointing out that by resorting to Federal assistance the ability to influence education locally will disastrously deteriorate concludes by pointing out that local judgment is not yet bankrupt, and that if Federal assistance is used to cure situations in some school districts which are not meeting their needs, the price of Federal strictures and controls would have to be paid by thousands of other school districts that have consistently taxed themselves heavily to meet their needs, and have done so effectively as educational systems.

The second editorial's concluding paragraph reads:

With the typical impatience of any American who finds something wrong, those who have found educational ills have made a faulty diagnosis, they have prescribed heart surgery when indigestion is really the trouble.

I ask unanimous consent that the two editorials be printed in the RECORD at this point, together with a table showing the graduate training provided for prospective college and university students under title IV of the National Defense Education Act.

There being no objection, the editorials and table were ordered to be printed in the RECORD, as follows:



[From the Norfolk (Nebr.) Daily News,  
Monday, July 24, 1961]

#### FEDERAL AID FOR OUR SCHOOLS

Nebraskans, though they reside in a State that ranks highest among the 50 in the proportion of local spending for schools, should show little grief at the initial defeat of Federal aid for education measures.

"Initial" is the right qualifier, for measures to assist in school construction and to improve teachers' salaries are certain to crop up again, though least likely in this session of the Congress, despite President Kennedy's urging. The Rules Committee of the House—the same committee liberalized at the urging of the new administration by enlargement of the membership—voted this week not to have the measure considered. Now, only an unusual action by the House will resurrect them before adjournment.

Up to the present time, Federal assistance to local school districts has been principally in the fields of vocational agriculture, vocational home economics training, in encouraging scientific pursuits through scholarships and special instructor training, and also in direct assistance to areas where the population has swelled because of nearby Federal installations—so-called impacted areas. The school lunch program is another instance.

Each of these has been an area of legitimate concern to the Nation as a whole at one time or another. Today, however, the encouragement of scientific training through scholarships, provision of equipment, and teacher training, is the only area remaining where the reason for Federal assistance, that is, to meet a vital national need, can be used.

The Federal Government does have a role in education. It is one of assisting, in an advisory capacity, the States and local governments to meet their needs. On rare occasions it should enter into programs—assistance in science and mathematics, for example—where the lack of progress is directly related to our effectiveness in that most important battle we are waging and will be waging for many years: the one for freedom and against communism.

During the time that our shortage of scientists presents danger to the Nation, it is a proper function of Government to encourage a buildup in that field and to provide direct assistance through the granting of fellowships to teachers in order that they may learn better methods of instruction, to provide funds for specialized teaching equipment, and to issue scholarships.

But those who seek further Federal intervention into the conduct of our schools as a means not simply to meet critical national needs but to cure all the ills in our education system, must remember that in resorting to Federal assistance, the ability to influence education locally will deteriorate.

Advocates of Federal aid seek to raise the level of education in some areas of the country where statistics may show teachers are not paid enough, classrooms are deficient, or instructors lack desirable qualifications.

It is possible to admit that many areas of our country are below a desirable norm and still conclude that the appropriation of Federal money will not provide the answers.

[From the Norfolk (Nebr.) Daily News,  
Tuesday, July 25, 1961]

#### FEDERAL AID AND LOCAL CONTROL

It is important to remember that in a nation as vast and diverse as ours, the public educational system is never likely to reach uniformity—just as the economies of each section of our country will not reach uniformity under our system of government. We would hope that there will never be a uniformity of our people, either.

Our educational system must serve us and in that sense, it is vital that public and private schools prepare our students for the individualistic society that we hope will continue far beyond their own lifetimes. There is a lack of understanding about this purpose of our educational system.

It happens to be incidental, though important, that today our students are subject to comparisons—at every grade level—of their progress as opposed to that of Russian pupils. This race must not obscure the principal purpose of American education: To teach our youths to live and serve and work as responsible members of a democratic society.

While our eyes must be focused on our standing in the educational field in relation to the Communists, our goals must be met without resorting to authoritarian methods.

Today, local school boards and State educational authorities exercise the judgment that enables us to work toward our goals. Local school officials are able to recognize the educational problems, judge the needs and meet them—all in their own ways and at a rate of speed which they set.

It is important that this be continued and that local influence not be whittled away. Because of the influence that is exercised locally, it is possible for students in Nebraska to learn a little more about farming than the youngsters in Boston and it is possible for the students in Virginia to know

more about the history of their State than would be taught in Nevada.

Today, it is still possible for local boards of education to set salaries, to oversee the education of their youngsters, to hire and fire teachers and to see that building bond issues are put before the voters.

These things would not immediately be cancelled merely because Federal aid is adopted and accepted. But the means to Federal control would exist.

As citizens, we must applaud the fact that Federal expenditures result in Federal scrutiny and Federal regulation of that for which the money is spent. It is this process that protects the money we submit to the Treasury each year.

But why, when we have the opportunity to avoid Federal regulation, do we ask for it? Surely local judgment is not yet bankrupt and local initiative not stilled forever.

It is on the basis that some school districts, somewhere, are not meeting their needs that the specter of Federal aid is raised. But the price that would have to be paid by the thousands of other school districts that have consistently taxed themselves heavily to meet their needs is far too high.

With the typical impatience of any American who finds something wrong, those who have found educational ills have made a faulty diagnosis, they have prescribed heart surgery when indigestion is really the trouble.

*Graduate training provided for prospective college and university teachers under title IV of the National Defense Education Act of 1958 from 1959 up to 1961-62*

Teaching profession	Beginning training in 1959		Beginning training in 1960		To begin training in 1961		Total being trained	
	Number	Percent of 1959	Number	Percent of 1960	Number	Percent of 1961	Number	Percent
Classics	8	---	23	---	29	---	60	---
English language and literature	81	---	91	---	96	---	268	---
Comparative literature	12	---	19	---	19	---	50	---
Modern European languages and literature	66	---	130	---	118	---	314	8.1
Linguistics and communications	8	---	17	---	16	---	41	---
Drama and theater	6	---	6	---	10	---	22	---
Speech	5	---	6	---	4	---	15	---
Folklore	3	---	5	---	5	---	13	---
Music	6	---	15	---	17	---	38	---
Philosophy	18	---	43	---	46	---	107	---
Religion	15	---	14	---	10	---	39	---
Buddhist studies (cultural)	0	---	0	---	4	---	4	---
Fine arts	5	---	2	---	4	---	11	---
Education	47	---	104	---	122	---	273	7.1
Sociological studies of foreign areas	28	---	44	---	36	---	108	---
Business administration and accounting	26	---	25	---	32	---	83	---
Economics	44	---	106	---	85	---	235	---
Geography	0	---	0	---	6	---	6	---
History	38	---	125	---	96	---	259	---
Political science	60	---	77	---	95	---	232	---
Sociology and anthropology	33	---	52	---	53	---	138	---
Psychology	31	---	16	---	31	---	78	---
Zoology	21	---	17	---	18	---	56	---
Various biological sciences	106	---	115	---	123	---	344	---
Total all humanities and percent per year	667	70.0	1,052	73.7	1,075	72.7	2,794	72.0
Physical sciences and mathematics:								
Astronomy	9	---	8	---	7	---	24	---
Chemistry	59	---	63	---	64	---	186	---
Geology	5	---	16	---	18	---	39	---
Mathematics	78	---	98	---	72	---	248	6.4
Oceanography	0	---	4	---	4	---	8	---
Physics	67	---	53	---	74	---	194	---
Subtotal and percent per year	218	22.0	242	17.0	239	16	699	18.0
Engineering:								
Chemical engineering	13	---	21	---	36	---	70	---
Civil engineering	9	---	23	---	33	---	65	---
Electrical engineering	23	---	30	---	25	---	78	---
Mechanical engineering	8	---	31	---	33	---	72	---
Aeronautical engineering: Missile and aircraft	7	---	2	---	3	---	12	---
Nuclear engineering	0	---	0	---	3	---	3	---
Other engineering specialties	8	---	26	---	13	---	47	---
Subtotal and percent per year	68	7.0	133	9.0	146	10.0	347	9.0
Grand total							3,840	

Source: HEW: National defense graduate fellowship announcements, 1959, 1960, and 1961.



9. Increases the rates on educational materials to 10 cents for the 1st pound and 6 cents for each additional pound, and on library materials to 5 cents for the 1st pound and 3 cents for each additional pound.	4th class: Educational materials.....	9 cents 1st pound; 5 cents each additional pound.	10 cents 1st pound; 6 cents each additional pound.	6.2	16	40	No change.		
	Library materials.....	4 cents 1st pound; 1 cent each additional pound.	5 cents 1st pound; 3 cents each additional pound.	2.0	104	104	do.		
	Total.....			8.2					
	Federal Government mail Mail mix adjustment.....	Applicable class rates.....	Applicable class rates.....	22.0 -3.0	23	58	Applicable class rates.....	22.8 -3.0	58
	Total all classes.....			741.1				591.3	

1 Air parcel post law requires payment of not less than 1st-class rates for 1st class sent by air.

\* Applicable at original entry office only.

\* Included in other 3d-class rate categories.



Mr. MONRONEY. As chairman of the Subcommittee on Postal Affairs of the Committee on Post Office and Civil Service, I am prepared to call immediate hearings on this measure as soon as it is referred to the subcommittee. I can assure the Members of the Senate and the Members of the House that there is no reason that the Senate cannot be prepared to act promptly on this bill in the event that action is taken in the House. It is my personal conviction that this Congress should not adjourn until we have done so.

**PROPOSED AMENDMENT TO CONSTITUTION, RELATING TO FILLING OF TEMPORARY VACANCIES IN HOUSE OF REPRESENTATIVES**

Mr. KEFAUVER. Mr. President, on behalf of myself and the distinguished Senator from New York [Mr. KEATING], I introduce a joint resolution to amend the Constitution, so as to authorize the Governors of the various States to make appointments to fill temporary vacancies in the House of Representatives in time of emergency.

**ARTICLE—**

SECTION 1. On any date that the total number of vacancies in the House of Representatives exceeds one-third of the authorized membership thereof, and for a period of sixty days thereafter, the executive authority of each State shall have power to make temporary appointments to fill any vacancies, including those happening during such period, in the representation from his State in the House of Representatives. Any person temporarily appointed to fill any such vacancy shall serve until the people fill the vacancy by election as provided for by article I, section 2, of the Constitution.

SEC. 2. The Congress shall have power to enforce this article by appropriate legislation.

The provisions of this joint resolution were approved yesterday by the Subcommittee on Constitutional Amendments, of which Senator KEATING and I are both members, when the subcommittee considered Senate Joint Resolution 18, which I have previously introduced. The present resolution combines certain features of Senate Joint Resolution 18 with other provisions suggested by Senator KEATING and supported by him in the past.

This amendment will close a loophole in our Constitution and continue representative constitutional government in the unhappy event that some disaster, such as nuclear attack, eliminates a large portion of the Members of the House of Representatives.

In the event of such a disaster, presidential succession is insured by law. The Constitution authorizes appointments by Governors to fill vacancies in the Senate. But special elections are required by the Constitution to fill vacancies in the House of Representatives. During the period of waiting for such special elections in times of national emergency, the efficiency and representative character of the Congress would be greatly impaired.

Measures similar to this have been approved by the Senate by overwhelming

votes three times previously, in the 83d, 84th, and 86th Congresses. Its need has been urged by Civil Defense officials and Attorney Generals of both parties. As the Deputy Attorney General stated in a recent report to the Judiciary Committee:

The need for this amendment, especially during a period of national emergency or disaster, is pointed up by the critical world conditions today, and the ability of some nations, through the use of atomic and hydrogen devices, to wreck mass destruction in target areas.

The joint resolution which Senator KEATING and I introduce today authorizes such appointments only when the number of vacancies in the House exceeds one-third of its authorized membership. Senate Joint Resolution 18, which I previously introduced, sets the operative number of vacancies at one-half. In the 86th Congress, Senator KEATING's Senate Joint Resolution 85 set this figure at one-third. Amendments containing both figures have passed the Senate at different times in the past. The report recently received by the Committee on the Judiciary from the Department of Justice suggested that Senate Joint Resolution 18 be amended to set the operative number of vacancies at one-third instead of one-half, and it is now the opinion of the Subcommittee on Constitutional Amendments that one-third is a more suitable figure.

Senator KEATING's previous proposals and the Department of Justice's recommendations also provided a procedure to notify the States by proclamation when the requisite number of vacancies exist. In the past, the Senate has approved this measure, at different times, both with and without such a provision. Senator KEATING and I, along with other members of the Subcommittee on Constitutional Amendments, now agree that such a notification procedure is desirable but it would be better to specify it by the more flexible method of statutory enactment than by detailed inclusion in the Constitution. For this reason, the resolution which Senator KEATING and I now offer simply authorizes Congress to enforce the article by appropriate legislation.

We are now in a time of international crisis when the Nation is demonstrating to its potential enemies that it is determined to defend freedom at all costs. We have increased defense expenditures and have given the President extensive new powers in demonstration of our readiness if the enemies of freedom precipitate war. Prompt action on this amendment will show Mr. Khrushchev that America is prepared governmentally as well as militarily, and Senator KEATING and I urge its prompt approval.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 123) to amend the Constitution to authorize Governors to fill temporary vacancies in the House of Representatives, introduced by Mr. KEFAUVER (for himself and Mr. KEATING), was received, read twice by its title, and referred to the Committee on the Judiciary.

**JOHN EDGAR HOOVER**

Mr. DIRKSEN. Mr. President, with the concurrence of the majority leader, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated.

The resolution (S. Res. 190) was read, as follows:

Whereas John Edgar Hoover has rendered 37 years of distinguished service to the United States as Director of the Federal Bureau of Investigation, having been appointed to that position in 1924 during the Presidency of Calvin Coolidge and having served continuously in that capacity during the terms of office of Presidents Herbert C. Hoover, Franklin D. Roosevelt, Harry S. Truman, Dwight D. Eisenhower, and John F. Kennedy; and

Whereas through the vigor and effectiveness of the leadership of John Edgar Hoover, the Federal Bureau of Investigation has been developed and maintained as a law enforcement agency of unparalleled efficiency, impartiality, and integrity; and

Whereas, during the service of John Edgar Hoover as Director of the Federal Bureau of Investigation, the Federal Bureau of Investigation, in close and effective cooperation with State and local police agencies, has led successfully the fight against crime, corruption, and communism within the United States; and

Whereas, through its services to the Nation under the direction of John Edgar Hoover, the Federal Bureau of Investigation has earned the trust, confidence, and appreciation of all Americans: Now, therefore, be it

*Resolved*, That it is the sense of the Senate that John Edgar Hoover is deserving of the highest possible commendation for the continued excellence of his devoted and effective service to the Nation.

SEC. 2. The Secretary of the Senate shall transmit copies of this resolution to the Director of the Federal Bureau of Investigation, the Attorney General, and the President.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and unanimously agreed to.

The preamble was agreed to.

**ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS**

Mr. PROUTY submitted amendments, intended to be proposed by him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. MUNDT (for himself, Mr. DIRKSEN, Mr. BRIDGES, Mr. KUCHEL, Mr. HOLLAND, Mr. MILLER, Mr. TOWER, Mr. COTTON, Mr. YOUNG of North Dakota, Mr. SCHOEPPEL, Mr. WILEY, Mr. SMATHERS, Mr. LAUSCHE, Mr. BUSH, and Mr. BEALL) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1983, supra, which was ordered to lie on the table and to be printed.

(See the remarks of Mr. MUNDT when he submitted the above amendment, which appear under a separate heading.)



Mr. SALTONSTALL (for himself, Mr. KEATING, Mr. BUSH, and Mr. MORTON) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1983, supra, which was ordered to lie on the table and to be printed.

(See the remarks of Mr. SALTONSTALL when he submitted the above amendment, which appear under a separate heading.)

Mr. MONRONEY submitted an amendment, intended to be proposed by him, to Senate bill 1983, supra, which was ordered to lie on the table and to be printed.

Mr. MUNDT. Mr. President, I send to the desk an amendment and ask that it be printed in the body of the RECORD at this time. It is not an amendment to the present bill, but an amendment to the bill S. 1983. The amendment would provide funds for the impacted area school program, and would be added to the foreign aid bill as a separate title. In that bill we shall be appropriating money for schoolchildren abroad. We should be paying attention also to the educational needs of the impacted areas at home.

I ask that the amendment be printed, printed in the RECORD, and that it lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

#### PART V

#### Title VII—Amendments to Public Laws 815 and 874

#### Extension of Temporary Provisions of Public Law 815

SEC. 801. (a) The first sentence of section 3 of the Act of September 23, 1950, as amended (20 U.S.C. 633), is amended by striking out "1961" and inserting in lieu thereof "1964".

(b) Subsection (b) of section 14 of such Act is amended (1) by striking out "1961" each time it appears therein and inserting in lieu thereof "1964", and (2) by striking out "\$40,000,000" and inserting in lieu thereof "\$60,000,000".

(c) Paragraph (15) of section 15 of such Act is amended by striking out "1958-1959" and inserting in lieu thereof "1961-1962".

#### Extension of Temporary Provisions of Public Law 874

SEC. 802. The Act of September 30, 1950, as amended (20 U.S.C. 236-244), is amended by striking out "1961" each time it appears in sections 2(a), 3(b), and 4(a) and inserting "1964" in lieu thereof.

#### Extension of Laws to American Samoa

SEC. 803. (a) The Act of September 30, 1950, as amended (20 U.S.C. 236-244), is amended by inserting "American Samoa," after "Guam," each time it appears in sections 3(d), 6(c), and 9(8).

(b) The Act of September 23, 1950, as amended (20 U.S.C. 631-645), is amended by inserting "American Samoa," after "Guam," in section 15(13).

#### DEFENSE APPROPRIATION BILL—CHANGE OF CONFERE

Mr. MANSFIELD. Madam President, I ask unanimous consent that in the conference on House bill 7851, the Department of Defense appropriation bill

for 1962, the Senator from Mississippi [Mr. STENNIS] be appointed a conferee, in lieu of the Senator from New Mexico [Mr. CHAVEZ].

The PRESIDING OFFICER. Without objection, it is so ordered.

#### NOTICE OF HEARING ON NOMINATIONS OF GUTHRIE F. CROWE TO BE U.S. DISTRICT JUDGE, DISTRICT OF CANAL ZONE; AND WILLIAM T. BEEKS TO BE U.S. DISTRICT JUDGE, WESTERN DISTRICT OF WASHINGTON

Mr. ERVIN. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, August 11, 1961, at 10:30 a.m., in room 2228 New Senate Office Building, on the following nominations:

Guthrie F. Crowe, of the Canal Zone, to be U.S. district judge, district of the Canal Zone, term of 8 years (now serving under an appointment which expired July 2, 1960).

William T. Beeks, of Washington, to be U.S. district judge, western district of Washington, vice John C. Bowen, retired.

At the indicated time and placed persons interested in the hearings may make such representations as may be pertinent.

The subcommittee consists of the Senator from Mississippi [Mr. EASTLAND] chairman, the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Nebraska [Mr. HRUSKA].

#### NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. ERVIN. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Brockman Adams, of Washington, to be U.S. attorney, western district of Washington, term of 4 years, vice Charles P. Montarty.

George A. Bukovatz, of Montana, to be U.S. marshal, district of Montana, term of 4 years, vice Louis O. Aleksich.

George M. Stuart, of Alabama, to be U.S. marshal, southern district of Alabama, term of 4 years, vice James L. May.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Friday, August 11, 1961, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. BYRD of West Virginia:

Address delivered by him on July 29, 1961, before the West Virginia Chapter, National Association of Postmasters, at Martinsburg, W. Va.

By Mr. HUMPHREY:

Statement by David E. Bell, Director of the Bureau of the Budget, delivered before the Subcommittee on National Policy Machinery of the Senate Committee on Government Operations, on August 1, 1961, relating to long-term budget planning.

By Mr. BENNETT:

Speech delivered by Mr. Jesse R. Smith in commemoration of Pioneer Day celebration of Utahans, at Fairfield Farm, Va., on July 29, 1961.

By Mr. WILEY:

Statement of recommendations by Wisconsin Fish Dealers' Association with respect to Senate bill 1230, a measure proposed to increase funds for fishery research, rehabilitation, and development projects.

By Mr. KEFAUVER:

Editorial comment on the bill (S. 1552) for greater regulation of the drug industry.

By Mr. WILLIAMS of New Jersey:

Editorial entitled "Congratulations All Around," published in the Cape May (N.J.) Star and Wave of July 13, 1961, in tribute to Charles A. Swain, of that community, elected this year as vice president of Kiwanis International.

Article entitled "School Aid Bill OK Means 250,000 Jobs," written by Sylvia Porter and published in the Camden (N.J.) Courier-Post of July 28, 1961.

Sundry editorial comment on Pope John XXIII's encyclical, "Mater et Magistra," containing comments on international relations and the plight of farmworkers in the United States.

By Mr. YARBOROUGH:

Article entitled "Now Juanito Can Read," written by Keith Elliott, and published in Coronet magazine for July 1961; also an article entitled "Little Schools of 400 May Spread to Far West," published in the Houston Press of June 21, 1961, relating to the achievements of Mr. Felix Tijerina, of Houston, Tex., and the League of United Latin American Citizens in the field of education.

#### THE NEED FOR ADDITIONAL BOMARC MISSILES IN OUR NEW DEFENSE PLAN

Mr. BENNETT. Mr. President, after talking with military experts about the new problems we are facing as a result of mounting tension in Europe and elsewhere, I am convinced that we are paying too little attention to one of the most important aspects of defense—our defense against enemy air attack.

We realize that if the United States is attacked, the assault will be primarily an aerial assault. And the recent air show in Moscow, at which new and greatly improved Soviet bombers were unveiled, makes it clear that the Soviet Union is continuing to rely heavily upon manned aircraft for delivery of nuclear weapons.

The establishment of a Communist satellite in the Western Hemisphere, in Cuba, further increases the need for effective defense against manned aircraft, since no longer does the Soviet Union have to rely on long-range ICBM's for delivery of nuclear weapons. The Mig flyover at the recent 25th of July celebration in Cuba was a reminder that Cuba is getting more and more Russian aircraft.

Yet, after studying the testimony on the military buildup now being planned, I find there is little provision for air defense.



Development of the Nike-Zeus anti-missile missile is progressing, and we have authorized and appropriated funds for Nike-Hercules ground-to-air missiles and F-105 fighter aircraft. But one weapon that is important to our defense has not been mentioned, despite the fact that it is our best answer to aircraft. The Bomarc apparently will be allowed to disappear from the catalog of our defense weapons, with production of this tested and proven ground-to-air missile ending in the late summer of 1962.

Time and time and time again, this missile has demonstrated its ability to intercept targets at greater altitude and distance than any other defensive weapon. It has successfully sought and intercepted a supersonic target almost 450 miles away at an altitude of 100,000 feet. No other missile presently available is capable of this.

The Bomarc is able to stop aggressive aircraft long before they are in a position to drop their bombs. The people of this country need and deserve a defensive weapon with this capability. Yet, if production is permitted to end next summer, they will not have it.

Over the years, we have seen the impossibility of reinaugurating production once it has been stopped. There are many reasons for this, but two are outstanding: first, the corps of subcontractors and suppliers is dissipated and often cannot be reconstituted; second, a trained and experienced work force is lost and cannot be regained. Unlike a kitchen faucet that can be turned on and off at will, a weapon production line cannot be turned on again once it has been turned off.

It is incumbent upon us to examine closely any decision to terminate production of a weapon so basic to our protection. Bomarc offers an alternative to life in a hole in the ground. It offers an opportunity to stop an aggressor before he reaches his target.

#### DISARMAMENT AGENCY

Mr. CLARK. Mr. President, yesterday I learned the good news that hearings will shortly be held by the Committee on Foreign Relations of this body on a bill to establish a U.S. Disarmament Agency for World Peace and Security. I personally believe this is one of the most important measures before this body. I hope very much that at the conclusion of the hearings the measure will be reported and passed by the Senate before we adjourn.

I ask unanimous consent that an excellent editorial appearing in the Philadelphia Inquirer on Tuesday, July 18, 1961, entitled "Amid Crisis, a Disarmament Bid," appear at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### AMID CRISIS, A DISARMAMENT BID

On the face of it, there would seem to be no more inauspicious time than now to begin new discussions with Russia on the subject of disarmament.

John J. McCloy, disarmament adviser to President Kennedy, is in Moscow to keep an appointment with Soviet disarmament

"negotiator" Valerian Zorin that was made weeks ago—before the crisis over Berlin and all its ramifications boiled up to a feverish pitch.

Now Mr. McCloy finds himself in the somewhat anomalous position of trying to find a cooperative Kremlin ear to listen to disarmament suggestions while the Soviets are more immediately concerned with digesting the notes from President Kennedy and Allies on the defense of freedom in West Berlin.

Meanwhile, back in Washington, nothing could seem farther from reality than talk of disarmament. From the White House to the Capitol to the Pentagon, and points between, the focus of attention is on plans and proposals for more arms, more men, more planes, more just about everything of a military nature. Mobilization is the word that can be heard on every side these days.

Despite the seemingly impossible task confronting Mr. McCloy, we believe that the worsening international situation makes his mission all the more important and the need for progress toward disarmament more vital than ever.

In fact, Congress could find no more opportune moment than now to initiate action on President Kennedy's recent request in line with recommendations by Mr. McCloy, for the creation of a new Federal agency in the executive branch devoted entirely to matters of disarmament and weapons control.

A continuous, organized effort is required to achieve meaningful steps toward disarmament. We agree with President Kennedy that a special agency, functioning closely with the White House and the Department of State, should be established for this purpose.

In the present atmosphere of invective—with threats and warnings filling the air—it would be unreasonable to expect Mr. McCloy to come home from Moscow with a Soviet disarmament pledge in his pocket. His perspective must be long range. He must seek diligently for a beginning, a starting point.

One such point well might be an intensified drive to reach agreement with Russia on a ban of nuclear weapons testing through some reliable system of international control, perhaps within the framework of the United Nations.

We in America, much closer to the hue and cry in Washington than to Mr. McCloy's lonely mission, ought not to allow the necessary preparation for imminent peril to deter us from a resolute, relentless search for an end to the arms race—for a beginning of real peace maintained by the promise of a better life, instead of an uneasy truce sustained by threats of nuclear annihilation.

Mr. CLARK. I wish to read an important sentence from the editorial, as follows:

We in America, much closer to the hue and cry in Washington than to Mr. McCloy's lonely mission, ought not to allow the necessary preparations for imminent peril to deter us from a resolute, relentless search for an end to the arms race—for a beginning of real peace, maintained by the promise of a better life.

#### COOPERATION TO IMPROVE TRANSIT FACILITIES IN THE PHILADELPHIA AREA

Mr. CLARK. Mr. President, on June 30 President Kennedy signed into law the Housing Act of 1961, which contained the first provisions ever enacted to aid the cities of America in the solving of their urgently pressing problems of mass transportation.

The Philadelphia area has taken immediate advantage of this new law, and I am happy to note that five counties in the Greater Philadelphia area have already agreed on a pact to improve future area transit, with the help of Federal assistance. Mr. President, I ask unanimous consent that an article which was published in the Philadelphia Inquirer of August 2, 1961, may be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### FIVE COUNTIES AGREE ON PACT TO IMPROVE PHILADELPHIA AREA TRANSIT

A five-county compact, with the aim of improving transit facilities in the Philadelphia area, was approved Tuesday by the city and Bucks, Chester, Delaware, and Montgomery Counties.

The action, taken at a meeting of county solicitors in the Montgomery County Courthouse, Norristown, was hailed as the start of an integrated transit program, the first phase of which is expected to be a cooperative project on the North Penn branch of the Reading Railroad.

#### SIX PROJECTS OPERATING

Six such projects already are in operation under the city's nonprofit Passenger Service Improvement Corp. They are Operations Northwest (the Chestnut Hill lines of both the Reading and Pennsylvania Railroads), Northeast (the Reading's Fox Chase line), Torresdale (PRR), Manayunk (PRR) and Shawmont (Reading).

City Solicitor David Berger said he would ask Deputy Managing Director John Bailey to set up a meeting of technicians as rapidly as possible to make plans for the new project as well as the entire regional setup.

The compact approved Tuesday will require the approval of the city council for the county of Philadelphia and the boards of commissioners for the four suburban counties.

#### CONFEREES LISTED

In addition to Berger and Assistant City Solicitor Clyde McIntyre, the conferees were Bucks County Solicitor Samuel S. Gray, Jr.; Assistant County Solicitor James E. O'Neill, Jr., of Chester, and Montgomery County Solicitor Roger B. Reynolds.

Delaware County was not represented at the meeting, but the other solicitors said they would submit their findings to that county for appraisal and transmittal to the county commissioners.

In a news conference following the meeting, Berger said that Federal subsidy is the key to the entire situation.

#### U.S. FUNDS NEEDED

"No regional transportation solution is possible without Federal funds," Berger said. He added that the new plans do not come under PSIC, which at present is limited to lines which operate wholly within the city.

"We agreed that cooperative action by the four counties and Philadelphia is a necessity if we are to help the citizens of our area," a joint statement issued after the session said.

"It was agreed unanimously by us that the formation of a compact by the four counties and Philadelphia would be the best method by which to proceed. Such a compact would indicate our willingness to cooperate in a regional effort."

#### OPERATIONS STUDIED

The conferees said that although the North Penn operation—which runs between Lansdale and the Reading Terminal—would be the first, others are contemplated. They are the main line commuter road, the Levitt-



# MUTUAL SECURITY ACT OF 1961

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## REPORT

OF THE

## COMMITTEE ON FOREIGN AFFAIRS

ON

H.R. 8400

TO PROMOTE THE FOREIGN POLICY, SECURITY, AND  
GENERAL WELFARE OF THE UNITED STATES BY AS-  
SISTING PEOPLES OF THE WORLD IN THEIR EFFORTS  
TOWARD ECONOMIC AND SOCIAL DEVELOPMENT AND  
INTERNAL AND EXTERNAL SECURITY, AND FOR  
OTHER PURPOSES



AUGUST 4, 1961.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

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## MUTUAL SECURITY ACT OF 1961

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AUGUST 4, 1961.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MORGAN, from the Committee on Foreign Affairs, submitted the following

### R E P O R T

[To accompany H.R. 8400]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

# *Authorizations for fiscal year 1962*

[In millions of dollars]

	Executive request	Committee authorization	Reduction by committee
Development loan:			
Borrowing.....	900.0	900.0	-----
Loan repayments.....	287.0	<sup>1</sup> 287.0	-----
Development grants.....	380.0	380.0	-----
Investment survey.....	5.0	5.0	-----
Development research.....	20.0	( <sup>2</sup> )	—20
International organizations.....	153.5	153.5	-----
Supporting assistance.....	581.0	481.0	—100
Contingency fund.....	500.0	300.0	—200
Military assistance.....	1,885.0	<sup>3</sup> 1,800.0	—85
Administrative expenses.....	51.0	49.0	—2
<b>Total.....</b>	<b>4,762.5</b>	<b>4,355.5</b>	<b>407</b>

<sup>1</sup> Estimated.

<sup>2</sup> Authority to use funds available under pt. 1.

<sup>3</sup> The committee imposed a \$60,000,000 ceiling on military assistance to Latin America. A sum equal to the amount by which the ceiling reduces the military program planned for Latin America this year will be transferred to the funds made available for development grants in that area.



# MUTUAL SECURITY ACT OF 1961

## INTRODUCTION

### *Nature of proposed legislation*

This bill replaces the existing Mutual Security Act and constitutes a complete revision of the basic legislation governing the provision of U.S. assistance, both military and economic, to foreign countries. It is the result of a critical, comprehensive and independent review and evaluation of today's problems of national security and foreign policy, as well as of what has been done, together with the legislation and the organization which have governed the operation of U.S. assistance.

The new administration has, in the months since it took office, brought in technical experts, business leaders, and men of eminence and experience in world affairs to analyze every aspect of our past programs and to take a new look at the situations with which we are confronted in various parts of the globe.

The chief criticism of this reappraisal has been that it has taken so long it has delayed the presentation of foreign assistance legislation to the Congress. The thoroughness with which the job has been done, as well as the competence and objectivity of the men who have done the work, has favorably impressed the committee.

This bill represents the result of this careful evaluation by the Executive, together with a painstaking review and revision by the Committee on Foreign Affairs. The committee believes that this bill as reported provides the most effective means that it is possible to devise for attaining U.S. objectives in the cold war and for enabling us to join with an overwhelming majority of the nations of the world in the longer range task of assuring the full development and use of the world's resources in peace and security for the benefit of all people.

The answer to the widespread criticism of foreign aid and the too frequent evidences of waste and ineffectiveness in its operation is not to terminate the program.

The abandonment of our efforts to assist other nations would mean the abandonment of the cold war. This could result either in major gains for the Soviet Union or a hot war.

Furthermore, a comprehensive review of the world situation on a country-by-country basis, which has been conducted by the Committee on Foreign Affairs during its consideration of the pending bill, indicates that the United States has problems in winning the cold war but also indicates that not all the problems are on our side because the Russians have their problems too. Events of the past year have probably been more frustrating to the Kremlin than to us.

The key to the future is for the United States to make our foreign aid programs work better. This involves not only an unremitting

effort to improve administration and eliminate waste but, even more important, to improve the nature of our programs together with the timing and precision of our efforts so that the dollars we spend produce the results we seek.

This bill is intended to make possible the attainment of these objectives. It provides for a new organization to administer economic and technical assistance, new procedures for supplying aid, and a greater centralization of authority and responsibility.

#### AVAILABILITY OF CLASSIFIED FOREIGN AID PRESENTATION BOOKS TO MEMBERS OF THE HOUSE

As in previous years an invitation has been extended to every Member of the House willing to respect their security classification, to examine the presentation books containing detailed information relating to the foreign aid program. This year there are only three volumes, prepared in more condensed form than in the past, classified "Secret." One deals with the military assistance program and two with the economic program. These volumes are available at all times at the office of the Foreign Affairs Committee, on the gallery floor in the Capitol, and will be at the committee table on the floor of the House during the period when the foreign aid bill is under consideration.

The classification of the material in these volumes is done by the Executive and not by the Committee on Foreign Affairs. This year, as was done last year, figures for past military aid to individual countries have been declassified and appear in the hearings. There are three main categories of material which still are not made public:

First, information as to the size and strength of our allies, as well as specific information as to the quantity of tanks, airplanes, etc., which have been or will be delivered to other nations.

Second, frank comments on the part of U.S. officials concerning officials and conditions in foreign countries. If the committee and the Congress are to continue to receive frank estimates, it is essential that such comments not be made public. Otherwise our ambassadors and military commanders will seek protection in carefully phrased statements which will conform to diplomatic usage, but which will not be very informative or useful to the Congress.

Third, the amount of money programed by the Executive for individual countries. In order to avoid disappointment and ill will, it is better not to disclose these figures until congressional action is completed.

#### PIPELINE

The committee has continued to give attention to the size of the unexpended balances of the mutual security program. These unexpended balances, popularly called the pipeline, are funds that have been obligated for goods and services that are on order but have not



yet been delivered. Payment must be made for them when delivered. Following are the annual unexpended balances for the mutual security program—military and nonmilitary but excluding investment guaranty programs—at the close of each fiscal year since 1950.

	<i>Billion</i>		<i>Billion</i>
1950-----	\$3. 5	1956-----	\$6. 3
1951-----	7. 1	1957-----	6. 1
1952-----	9. 9	1958-----	5. 3
1953-----	10. 0	1959-----	4. 8
1954-----	9. 5	1960-----	4. 8
1955-----	7. 9	1961 (estimate)-----	5. 4

These unexpended balances are available only to meet obligations already incurred. They are not available to move the program forward through the purchase of additional goods and services. These can only be procured by making available new or unobligated money. Some critics lump together other programs such as the Export-Import Bank and the sales of surplus agricultural commodities to make a case that large availabilities exist. Each of these other programs has, of course, a foreign policy objective. But the objectives of these programs are not identical with those of the mutual security program. In many cases they complement the mutual security program; in no case do they supplant it.

Unexpended balances are not peculiar to the mutual security program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

[In billions]

Fiscal year	Military assistance under mutual security program	Department of Defense (military functions)	Fiscal year	Military assistance under mutual security program	Department of Defense (military functions)
1950-----	\$1. 2	\$9. 8	1956-----	\$4. 6	\$37. 5
1951-----	5. 6	38. 1	1957-----	4. 2	34. 6
1952-----	8. 4	59. 5	1958-----	3. 4	32. 1
1953-----	8. 5	62. 1	1959-----	2. 6	31. 7
1954-----	7. 7	55. 0	1960-----	2. 3	30. 7
1955-----	6. 2	45. 3	1961 (estimate)-----	2. 4	30. 5

The Department of Agriculture's unexpended balance stood at \$2 billion at the end of fiscal year 1956. In 1957 it rose to \$3 billion. For 1958 it was \$4.8 billion and for 1959 it was \$3.6 billion. The unexpended balances of all other Government agencies (excluding Defense, Agriculture, and the mutual security program) were \$26.8 billion in 1956, \$24.7 billion in 1957, \$29.6 billion in 1958, \$31.2 billion in 1959, and for 1960 at \$32.1 billion.

The argument has also been made that the mutual security program not only has large unexpended balances but that it also has tremendous unobligated amounts. The following figures taken from the President's budget for fiscal year 1962 show the unexpended and unobligated amounts for the mutual security program, the Department of Defense, the Department of Agriculture, and all other Federal agencies.

[In billions]

	Department of Defense (military functions)	Mutual security program	Department of Agri- culture	All others
Unexpended June 30, 1956.....	\$37.5	\$6.5	\$2.0	\$26.8
Unobligated June 30, 1956.....	12.7	.4	.2	19.6
Unexpended June 30, 1957.....	34.6	6.3	3.0	24.7
Unobligated June 30, 1957.....	11.0	.9	1.6	17.7
Unexpended June 30, 1958.....	32.1	5.4	4.8	29.6
Unobligated June 30, 1958.....	8.3	.3	3.4	20.6
Unexpended June 30, 1959.....	31.7	5.0	3.6	31.3
Unobligated June 30 1959.....	8.2	.4	2.2	22.1
Unexpended June 30, 1960.....	30.7	5.0	3.7	33.0
Unobligated June 30, 1960.....	9.6	.6	2.4	23.5
Unexpended June 30, 1961.....	30.5	<sup>1</sup> 5.6	2.8	35.1
Unobligated June 30, 1961.....	6.6	2.5	1.3	22.9

<sup>1</sup> As reflected in President's budget for fiscal year 1962; current estimate unexpended balances are \$5,400,000,000 excluding investment guaranty program.

<sup>2</sup> Includes Development Loan approvals not technically obligated. Other unobligated balances currently estimated at \$100,000,000.

NOTE.—Mutual security program balances include public debt funds for the investment guarantee program of \$200,000,000.

Mutual security program unobligated figures in above table exclude reservations; the latter item is also excluded from Department of Defense figures. Reservations are included, however, in mutual security program unexpended.

For the Development Loan Fund the unobligated balance is based on the technical definition of obligations and, therefore, the difference between the obligations and the total of loan approvals is included in the unobligated balance.

Reservations of the military assistance portion of the mutual security program are made pursuant to the provisions of section 108 of the Mutual Security Appropriation Act, 1956, as amended. To all intents and purposes this is an obligation on the part of the mutual security program. Under the reservation procedure equipment on order for the mutual security program is financed initially from regular Department of Defense procurement funds. At the time orders are placed, funds are reserved in the mutual security program military assistance accounts for future reimbursement to the procurement accounts of the military service.

Considering the magnitude of the program and its global character, the committee believes that the fiscal side of the mutual security program compares favorably with that of other Government agencies. In many cases it is considerably better.

The committee, in arriving at amounts authorized, has taken into consideration the Executive's revised end-of-the-year estimates on unobligated balances. These balances exceeded the earlier estimates set forth in "Congressional Presentation Documentation."

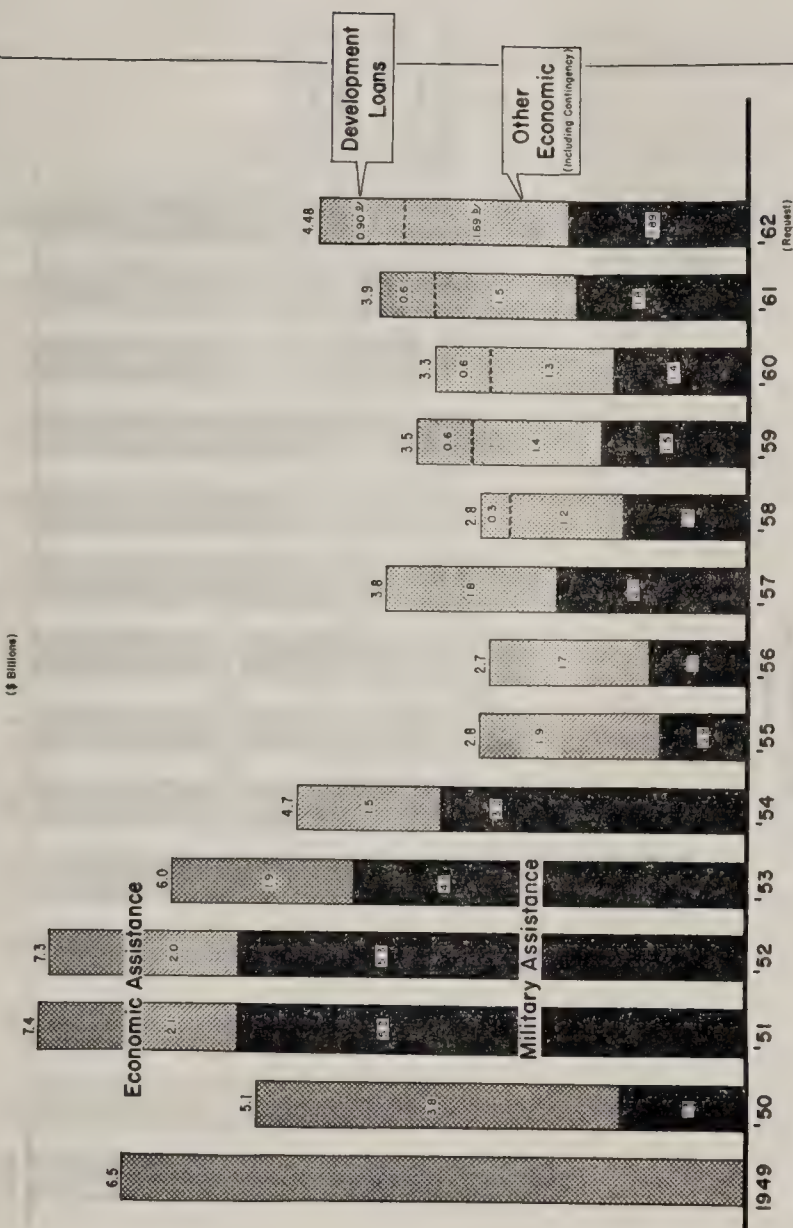
#### CLASSICS OF AMERICAN DEMOCRACY PROGRAM

The committee is pleased with the progress of what has been termed the "classics of American democracy" program. When this program was inaugurated, works such as "The Federalist," which had inspired our forefathers, were unavailable in translated editions. Under the classics of American democracy program they have been translated into upward of 50 languages and dialects and made available to the peoples of new and developing nations at the grassroots. Perhaps no program has been more successful in winning the hearts and the minds of the peoples of the new emerging nations. The committee strongly recommends the continuance and expansion of this program.



## TREND OF APPROPRIATIONS\*

(\$ Billions)



\* Excludes Appropriations

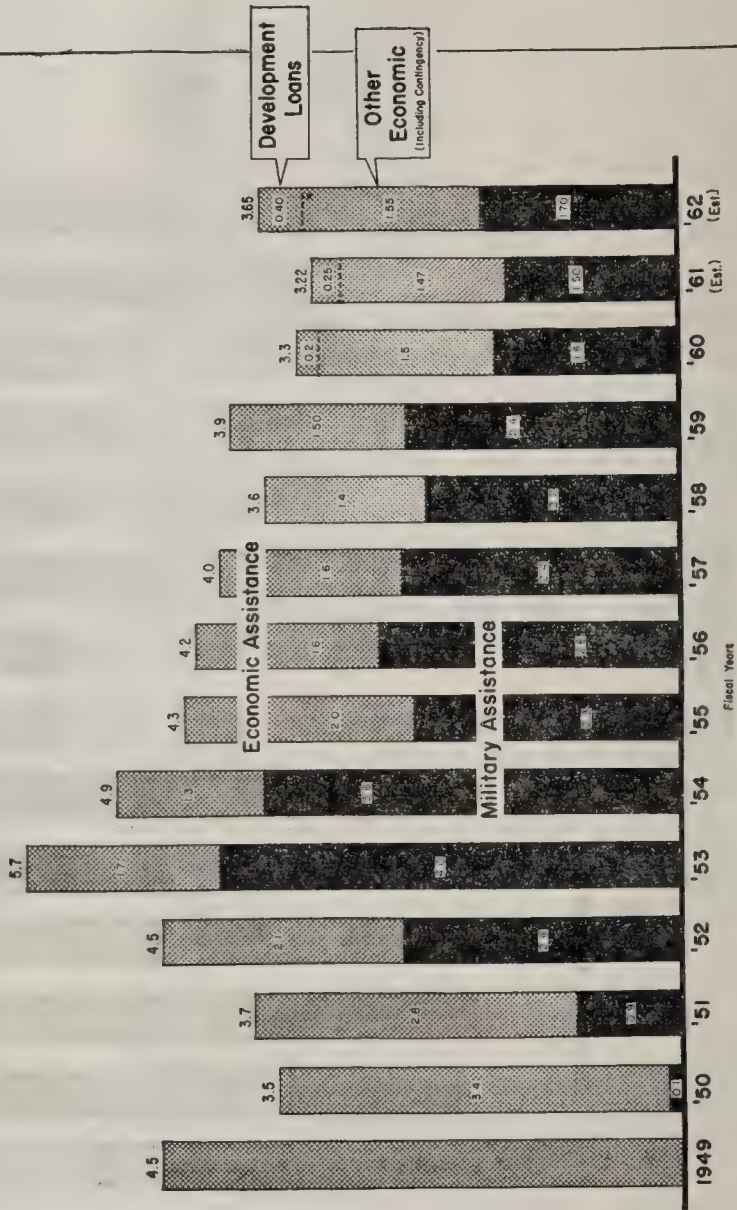
from Borrowing Authority

Excludes Peace Corps, Refugee and Migration Programs and State Administrative Expenses

## TREND OF EXPENDITURES

APPROPRIATIONS BASIS

(\$ Billions)





## PROVISIONS OF BILL

## ARRANGEMENT OF BILL

This bill, authorizing a comprehensive program of assistance to other countries, contains four parts, the first two of which are designated as "acts," each bearing a short title.

Part I, to be cited as the "Act for International Development of 1961," provides the authorization for programs of economic assistance to other nations.

Part II, with the short title "International Peace and Security Act of 1961," authorizes military assistance to foreign countries.

Parts III and IV do not bear short titles and include a variety of general, administrative, and miscellaneous provisions applicable to the foreign assistance program generally, including parts I and II.

The entire bill, including the Act for International Development of 1961 and the International Peace and Security Act of 1961, is designated the "Mutual Security Act of 1961."

## PART I

### CHAPTER 1—SHORT TITLE AND POLICY

#### *Section 101. Short title*

The short title of part I of the bill is the "Act for International Development of 1961."

#### *Section 102. Statement of policy*

The statement of policy relating to economic assistance includes an endorsement by the Congress of the new emphasis on long-range development plans (subsection (g)) as the basis for U.S. economic assistance and the adjustment of such assistance to the efforts of the recipient countries to mobilize their own resources, as well as a reaffirmation of policy statements expressed by the Congress in previous legislation which are of particular current significance.

These reaffirmations include:

Subsection (a)—the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men and that survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

Subsection (b)—approval of the efforts of peoples of other lands to improve their ways of living and realize their aspirations;

Subsection (c)—the policy of the United States to make available assistance to free peoples as long as the threat of international communism continues;

Subsection (d)—the sense of the Congress that countries which have benefited from U.S. assistance in their own recovery should share to a greater extent in the burden of assisting countries still in need;

Subsection (e)—a statement that interference with freedom of navigation on international waterways, blockades and boycotts by nations, and attempts by foreign countries to create distinctions because of race or religion among American citizens are repugnant to our principles, and calls for the application of these principles in the administration of all parts of this act and the Agricultural Trade Development and Assistance Act of 1954, as amended;

Subsection (f)—an expression of U.S. policy to strengthen countries receiving our assistance by encouraging the development of competitive free enterprise, the elimination of barriers to the flow of private investment capital, and the creation of a climate favorable to private investment;

Subsection (h)—the belief of the Congress in the importance of regional organizations and its urging that the North Atlantic Treaty Organization, the Organization of American States, the Southeast Asia Treaty Organization, the Central Treaty Organization and others be strengthened and broadened.

Subsection (i)—a reaffirmation of the commitments of the United States to the people and Government of the Republic of China and our continued support of the Republic of China in the United Nations; for the 17th time it reiterates the opposition of the United States to the seating of the Chinese Communist regime in the United Nations, together with an expression of support for continued refusal of U.S. recognition of the Red Chinese regime.



## PALESTINIAN ARAB REFUGEES

The committee regrets that only limited progress has been made to solve the problem of the Palestine Arab refugees. Some progress has been made within recent years because refugees who have acquired skills have found employment and have been absorbed in the local economy. The United Nations Relief and Works Agency now plans to expand the vocational training program in order to stimulate employment of the refugees, and part of the funds included in this year's authorization for the U.S. contribution to UNRWA are to be used for this vocational training program. Nevertheless, progress toward a final solution remains regrettably slow. The only favorable developments during the past year were (1) real progress in the rectification of UNRWA relief rolls and (2) an expanded program of vocational training. While the committee continues to support the program, it is of the opinion that more vigorous action is needed to bring the refugee problem to an acceptable and early solution. The committee believes that the vast majority of the refugees will eventually have to be resettled in lands where there is room and opportunity for them.

The committee has been informed that aid to Israel will, in the future, stress loans and food for peace. Under difficult circumstances Israel has achieved impressive economic development, so that for the first time in 10 years, grant assistance has not been programed for Israel. The committee is of the opinion that Israel should continue to receive development loans and other forms of economic aid at levels high enough to insure continued development. Should circumstances arise which find Israel again in need of grant aid, the committee believes that the administration should deal sympathetically with any such request.

It should be stressed that Israel has struggled for stability at great odds in a disturbed area. Lack of peace and economic relations with her neighbors has led Israel to make large expenditures for security and survival. Israel has never received grant military aid or defense support under the mutual security program. Under these circumstances, the committee continues to be concerned about Israel's economic progress.

**Types of Economic Assistance**

The Act for International Development provides for a simplification of U.S. programs of economic assistance, both in administration and in the nature of the assistance to be provided.

A single new Agency for International Development is to administer the program, replacing the Development Loan Fund and the International Cooperation Administration. It will have complete responsibility for economic loans, grants, and technical assistance.

Funds are authorized for three types of U.S. economic aid to foreign countries (not including assistance to international organizations and the contingency fund):

1. Development loans: Loans to underdeveloped countries for economic development purposes to be repaid in dollars.

2. Development grants: Grants to underdeveloped countries to finance economic development where conditions are favorable to

such development but where prospects of future dollar repayment do not justify development loans.

3. Supporting assistance: Economic aid, normally on a grant basis, to nations to which it is in the U.S. interest to give economic assistance because of their military effort or because of political or other considerations, including availability of bases.

In part I and other appropriate provisions, the committee has used the words "friendly" and "free" to characterize recipients of assistance under the new act. The committee has thereby served notice, as it has specifically in section 618, that the main purpose of our aid program is to help those countries and areas which are free from domination or control by international communism. Similarly, the phrase "eligible for assistance" is intended to carry the same meaning.

## CHAPTER 2—DEVELOPMENT ASSISTANCE

### TITLE I—DEVELOPMENT LOANS

The bill authorizes the President, in order to finance development loans, to borrow from the Treasury \$900 million in fiscal year 1962, together with additional amounts of \$1,600 million during each of the fiscal years 1963, 1964, 1965, and 1966: an aggregate of \$7,300 million over the 5-year period. In addition, repayments of principal and interest on certain obligations incurred by foreign countries as a result of assistance programs during and after World War II are made available for development loans. Such repayments are estimated to average about \$300 million per year over the 5-year period.

#### *Section 201. General authority*

Subsection (a) provides authority similar in important respects to that of the Development Loan Fund. It authorizes the President to make loans to promote the economic development of the less-developed countries and areas, and sets forth seven specific considerations to be taken into account in the making of such loans, including in substance the four considerations in existing law applicable to Development Loan Fund loans.

The four considerations carried over from existing law are as follows:

Whether financing could be obtained in whole or in part from other free-world sources on reasonable terms;

The economic and technical soundness of the activity to be financed;

Whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title; and

The possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus, of the loan involved.

In addition, the following considerations are included:

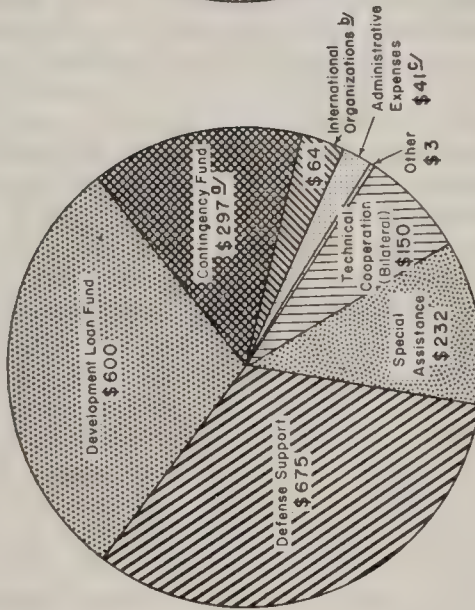
The consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives;

The extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures; and



# ECONOMIC ASSISTANCE APPROPRIATIONS

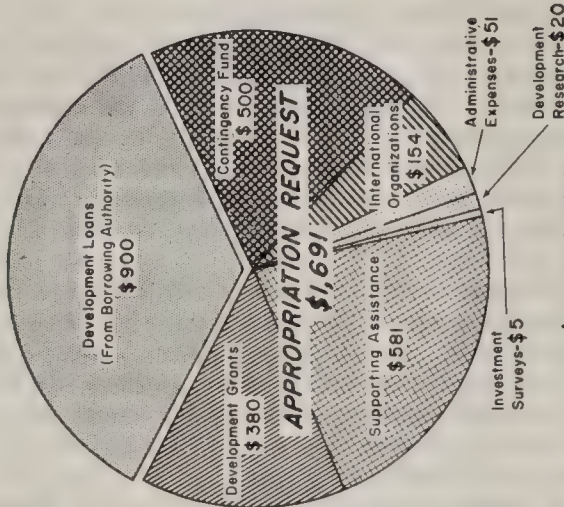
FY 1961 APPROPRIATION



Total \$2,063 million

- a/ Includes \$50 million transfer from Military Assistance Funds. Some portion of this amount may not be used for economic programs but returned to the Dept. of Defense for priority needs. Excludes \$3 million transferred to Administrative Expenses.
- b/ Excludes appropriations for migrants, refugees and escapees—\$11.4 million.
- c/ Excludes State Dept. Administrative Expenses—\$7.4 million.

FY 1962 REQUEST\*



Total \$2,591 million

- \* In addition, it is requested that loan repayments (estimated at \$287 million) be made available for Development Loans.
  - Excludes Peace Corps, Refugee and Migration Programs, and State Administrative Expenses.
- NOTE: An additional \$1.6 billion in borrowing authority is requested for each of the four succeeding fiscal years for Development Loans.

The desirability of safeguarding the international balance-of-payments position of the United States.

A requirement has been added that—

if the President finds that a loan proposed to be made under this part would have a substantially adverse effect upon the U.S. economy or any substantial segment thereof, the loan shall not be made.

The Development Loan Fund under existing law is authorized to make loans "only on the basis of firm commitments by the borrowers to make repayments" in addition to a finding as to reasonable prospects of repayment. The requirement of a firm commitment by the borrower has been dropped. This does not involve any less emphasis on repayment. The committee believes that a finding by the administrators of the Act for International Development that there are reasonable prospects for repayment provides protection which is fully adequate.

There are, however, certain significant differences between the new authority for development loans and that of the Development Loan Fund. Under the bill, development loans can be made only for repayment of principal and interest in dollars, in contrast to the authorization for the Development Loan Fund to make loans for repayment in foreign currencies as well as dollars. Non-interest-bearing loans are authorized.

Although not required in the legislation, the Executive has announced that loan terms would be geared to an estimate of a country's future capacity to repay in foreign exchange. While such an estimate can never be precise, it would take into account each country's prospective debt service situation and foreign earnings trends. On the basis of such analyses, it is anticipated that repayments would generally be phased over a long period, up to 50 years in some cases, with no repayment during the early period of the loan. Deferment of principal payments might be as long as 10 years so as to obtain the benefit of increased production and increased balance of payments before amortization begins. Loans may call for no interest at all or nominal interest rates so as not to overburden the balance of payments. The bill authorizes loans to private investors and to autonomous public agencies which operate on a self-liquidating basis as well as to foreign governments. It would not be fair nor would it further the basic objectives of the development loan program if dollars were to be made available to private or public activities of this type on the highly favorable terms contemplated for loans to governments. If private borrowers could obtain funds from the Agency for International Development at such favorable terms, financing which ordinarily would be available from private commercial and banking sources would be replaced by the Agency for International Development. The Executive has indicated its awareness of the problem and its intention to take appropriate action to prevent unfavorable developments of this kind. Such measures may include loans which non-governmental borrowers repay in local currencies on conventional terms to an account which the project country has agreed to convert into dollars over a longer period of time.

Under the proposed legislation, the Agency for International Development will be able to make loans or extend credits to a variety of



borrowers including foreign governments, foreign public enterprises, foreign individuals or private firms, U.S. individuals and corporations intending to undertake productive investments abroad and international organizations.

The Executive has stated that it will change its policy in the administration of development loans from that followed by the Development Loan Fund in other respects:

One significant departure in the purpose for which loan funds would be used is that there will be no insistence that financing be confined to individual projects. It is proposed that the use of loan funds will be for whatever purposes and activities as in particular instances will make the most significant contribution to economic growth. Where it appears that a national development program is worthy of support, credits may be used for a number of purposes including the financing of general imports needed to maintain or expand economic activity, the financing of commodity imports intended for fabrication into capital items and the financing of capital projects. Where it does not seem appropriate to provide such general support, loans will be made for selected projects or for selected programs such as those for the expansion of railway, irrigation, road or power distribution systems. The countries which are most advanced in terms of their ability to undertake effective measures of self-help will be those for whom it will be possible to extend this broad kind of support. In those less advanced countries where the human resources base exists for the handling of limited amounts of capital, it is anticipated that financing will be on an individual project or program basis. Thus, the form of assistance will range from broad lines of credit to individual project loans.

Subsection (b) provides that the authority of section 609, relating to the transfer of funds between accounts, may not be used to transfer funds made available for development loans for use in financing other foreign assistance programs. Transfers of funds appropriated for other purposes under the authority of this act to increase the development loan account may be made, however, subject to the limitation of section 609, since such transfers would involve the utilization of funds originally appropriated to provide assistance primarily on a grant basis to a program requiring that such funds be utilized only for loans repayable in dollars. In the judgment of the Committee on Foreign Affairs, the Executive should be encouraged to make transfers of this nature.

Subsection (b) also forbids the utilization of the authority of subsection 612(a) to waive the particular requirements of the Development Loan title with respect to development loans.

### *Section 202. Capitalization*

Subsection (a) authorizes the President in order to carry out the purposes of this title to issue during the fiscal years 1962 through 1966 notes for purchase by the Secretary of the Treasury. The maximum amount of such notes shall be \$900 million in fiscal year 1962 and \$1.6 billion in each of the fiscal years 1963 through 1966. Any portion of the maximum which is not issued in the fiscal year for which it is authorized may be issued in any subsequent fiscal year of the note-issuing period in addition to the maximum otherwise authorized for such fiscal year. The term "unissued portion" in the second sentence

of the subsection includes any obligation incurred by the President under title I which is canceled. In other words, such canceled obligations are not to be counted against the maximums stated in this subsection.

After long and careful consideration of the objectives of the development loan program and of possible alternatives for its financing, the Committee on Foreign Affairs is convinced that the long-term borrowing provisions requested by the President and included in the bill are essential if the development loan program is to attain its purpose.

The success of the less-developed countries in maintaining political stability, increasing their production and raising the living standards of their people depends more than anything else on what they do for themselves. It is particularly difficult for the governments of such countries to make the decisions and carry out the long-range courses of action which are essential to economic development and social progress. Such governments are unusually vulnerable to pressures to give priority to the present rather than the future and to take action which is immediately popular regardless of its future consequences.

The best way yet devised for the United States to help the less-developed countries help themselves by formulating realistic programs for their development and taking, on schedule, the necessary implementing action, is for the United States to enter into long-range commitments to help finance such long-range development efforts, provided that the beneficiary country makes progress and continues to do what is necessary at the proper time.

The problem is less that of being able to meet in future years a commitment to complete a hydroelectric project that will take several years to build than it is of being able to contribute over a period of up to 5 years to an overall economic development program without tying U.S. financing to specific projects.

The Committee on Foreign Affairs has found, as have other committees of the Congress, that long-term borrowing authority is the most effective procedure under our constitutional system of Government to make possible long-range commitments of this nature.

The following list of agencies and programs authorized to be financed by borrowing from the Treasury as public debt transactions indicates that this method of financing has been frequently used. In all these instances there is every reason to believe that the committees of the Congress which reported such authorizations considered all possible alternatives and concluded that there was no other way to accomplish the objective they regarded as essential. The Committee on Foreign Affairs, after detailed hearings on the nature of the problem confronting the United States in conducting its foreign relations, is convinced that the ability to make long-range development loan commitments is essential. A witness representing a national organization, in his testimony before the Committee on Foreign Affairs, made this statement in reference to the borrowing authority:

It proposes exactly the same kind of contract the Congress has repeatedly made with the several States, as recently as passage of the highway bill which the President signed last week. No State could afford to enter into long-term undertakings such as national highways if it expected annually that the ax might fall and the project disappear.



AGENCIES AND SPECIAL PROGRAMS AUTHORIZED TO BE FINANCED BY  
BORROWINGS FROM THE TREASURY AS PUBLIC DEBT TRANSACTIONS\*

Commodity Credit Corporation.  
 Export-Import Bank of Washington.  
 Federal Deposit Insurance Corporation.<sup>1</sup>  
 Federal Home Loan Banks.  
 Federal National Mortgage Association:  
   Management and liquidating functions.  
   Secondary market operations.  
   Special assistance functions.  
 Federal Savings and Loan Insurance Corporation.<sup>1</sup>  
 Housing and Home Finance Agency:  
   College housing.  
   Flood insurance.  
   Public facility loans.  
   Urban renewal program.  
 Interior Department, Helium Act, as amended.<sup>2</sup>  
 Investment guaranty program.<sup>1</sup>  
 Panama Canal Company.<sup>1</sup>  
 Public Housing Administration.  
 Reconstruction Finance Corporation.  
 Rural Electrification Administration.<sup>3</sup>  
 Saint Lawrence Seaway Development Corporation.  
 Secretary of Agriculture: Farmers Home Administration.<sup>4</sup>  
 Secretary of Commerce:  
   Maritime Administration, Federal ship mortgage insurance  
   program.  
   Area Redevelopment Administration.  
 Secretary of the Treasury: Federal Civil Defense.  
 Tennessee Valley Authority.<sup>5</sup>  
 U.S. Information Agency: Informational media guaranty.  
 Veterans' Administration, direct loan program.  
 Virgin Islands Corporation.<sup>3 5</sup>  
 Defense Production Act of 1950, as amended:  
   Export-Import Bank of Washington.  
   General Services Administration.  
   Secretary of Agriculture.  
   Secretary of the Interior.  
   Secretary of the Treasury.  
 Small Business Administration.  
 District of Columbia.  
 International Bank for Reconstruction and Development.  
 International Monetary Fund.  
 International Finance Corporation.  
 Credit to the United Kingdom.

*Effect on public debt and budget.*—The effect of the borrowing authority contained in this bill on the public debt and on the Federal budget is not always understood.

<sup>1</sup> No advances from the Treasury have been made.

<sup>2</sup> Authorized to borrow such amounts as may be authorized in appropriation acts. As of this date there has been no appropriation enactment.

<sup>3</sup> Authorized in annual appropriation acts.

<sup>4</sup> Authorized in appropriation acts, except for farm housing loans.

<sup>5</sup> No advances from the Treasury have been made under the fiscal year 1959 authority.

\*Current as of May 31, 1961, except for Reconstruction Finance Corporation.

First, the language in the legislation authorizes the President to issue notes which are purchased by the Secretary of the Treasury. Thus, the borrowing by the Agency for International Development will not be from the public but from the Treasury. Borrowing from the Treasury under the Act for International Development will not mean that the Treasury will be forced into any additional borrowing from the public. The extent to which the Treasury will need to increase the public debt will depend at any given time on its overall cash position compared to overall expenditure requirements. Thus the Treasury's need to increase the public debt will be exactly the same whether this program is financed by borrowing from the Treasury or by annual appropriations.

The debt ceiling will apply to borrowing under this authority. Whenever the Administrator of AID goes to the Treasury for money for development loans, the Treasury will meet the demand from available balances if they are adequate. Otherwise, the Treasury will borrow to the extent necessary. Such borrowing is in no way distinguishable from other borrowing by the Treasury and would be governed by the debt ceiling.

Second, borrowing authority will not remove the lending program, as sometimes alleged, from the annual budget as formulated by the President and presented to the Congress. Estimated obligations and expenditures in each year will figure in the budget. As far as the submission of annual budgets is concerned, there is no difference between programs financed by appropriations and those financed by borrowing authority.

*Congressional control.*—Financing development loans by means of borrowing authority does not prevent Congress from exercising control over this program, although the nature of the exercise of such control will be different from other parts of the program.

The committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country, and Congress can always amend the authorizing legislation. Indeed, all commitments of future year funds will be specifically contingent on their continued availability from Congress.

The provisions of the Government Corporation Control Act would be applicable to the development loan operation under title I of the act by virtue of the terms of section 203(c) of the proposed Act for International Development. Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget, by each agency which is subject to its provisions, of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years, and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual Budget of the U.S. Government. Section 104 provides:

The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress



may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 831(y) of title 16. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations.

As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:

1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.

2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.

3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.

4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the AID Act or in the appropriation act, whichever is the more limiting.

5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

As indicated in the foregoing numbered paragraphs, the contemplated procedure admits of the possibility that limitations on the development lending program might be imposed by the annual section 104 legislation. This is in accordance with an explicit provision of section 104 to the effect that the use of funds may be limited where Congress determines. However, the executive branch understands that it was the intent of the Congress, in enacting section 104, that limitations on budget programs would be imposed only where compelling reasons existed for imposing them. There is strong support in the legislative history for this position.

Subsection (b) provides that certain U.S. dollars, not to exceed \$300 million in any fiscal year, derived directly or indirectly after the

effective date of the Act for International Development from payments of certain obligations created during and after World War II and due the U.S. Government shall be available to the President for the purposes of title I. These obligations were authorized by the following laws.

(1) An Act To Promote the Defense of the United States, as amended (22 U.S.C. 411 et seq.): Sections 411, 412, and 413-19 of this act of March 11, 1941, popularly known as the Lend-Lease Act, gave the President authority to procure, sell, transfer, exchange, lease, lend, or otherwise dispose of defense articles to foreign governments deemed vital to the defense of the United States upon terms and conditions which the President deems satisfactory, including repayment in kind or property or any other direct or indirect benefit.

(2) Surplus Property Act of 1944 (58 Stat. 765), as amended: Provided for the disposition of surplus property located in or outside the United States to persons or governments, United States or foreign, for cash, credit, foreign currencies, discharge of claims or other benefits. (The law has been substantially repealed; still in effect is section 32(b)(2) providing for the use of foreign currencies for educational purposes.)

(3) Public Law 79-509 (22 U.S.C. 2861, 286m): Commonly known as the "British Loan," authorized the Secretary of the Treasury to carry out the agreement of December 6, 1945 between the United States and the United Kingdom whereby the United States extended a line of credit of \$3,750 million to be drawn down between the date of the agreement and December 31, 1951, to facilitate purchases by the United Kingdom of goods and services in the United States, to help it meet its transitional postwar deficits in the current balance of payments, maintain adequate reserves of gold and dollars, and to assist it to assume obligations of multilateral trade.

(4) Economic Cooperation Act of 1948 (62 Stat. 137), as amended: Title I of the Foreign Assistance Act of 1948, authorizing assistance to European countries of a financial and material nature, "through grants or upon payment in cash, or on credit terms, or on such other terms of payment" as may be appropriate, including the transfer of materials to the United States.

(5) German and Japanese Government and Relief in Occupied Areas program: A program for which there was no specific statute and which was considered within the powers of the President as Commander in Chief. Under this program post-World War II relief was furnished Germany and Japan with the understanding that they would repay when able to do so. Such relief was financed from funds appropriated to Defense.

It is understood that Japan and the United States initialed a memorandum on June 10, 1961, pursuant to which an agreement will be concluded providing for Japan to repay the United States \$490 million for GARIOA and other postwar assistance on the understanding that the United States will utilize the major portion of the repayments for development assistance, subject to appropriate legislation by the United States.



(6) Mutual Security Act of 1954, as amended (22 U.S.C. 1750 et seq.) (other than military assistance): The existing foreign aid legislation which in section 505(a) provides that assistance under this act "shall emphasize loans rather than grants wherever possible".

Anticipated repayments under this authority are estimated as follows:

*U.S. obligations outstanding, and estimated dollar repayments (including interest collections), fiscal years 1961-66<sup>1</sup>*

[In millions of dollars]

	Obligations outstanding Dec. 31, 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966
Mutual security program.....	1,764.2	70.8	74.3	76.6	78.1	82.7	88.5
Development Loan Fund.....	91.3	3.8	7.3	15.2	29.1	34.9	34.5
Surplus properties, war assets and lend-lease.....	1,594.9	79.9	76.9	75.7	74.8	74.2	75.3
German settlement loan.....	787.4	610.8	5.0	5.0	5.0	5.0	5.0
British loan.....	3,314.5	123.1	123.1	123.1	123.1	123.1	123.1
Total.....	7,552.3	888.4	286.6	295.6	310.1	319.9	326.4

<sup>1</sup> In addition a proposed payment of \$490,000,000 by Japan in settlement of its debt for food and other supplies furnished during the period of U.S. occupation.

The subsection further provides that where such dollars would otherwise have been used to retire notes or discharge obligations issued to finance the activity from which the dollars were derived, the President shall assume the portion of such notes or obligations which would have been retired or discharged by such dollars.

U.S. dollars received in repayment of lend-lease which constitute the local currency of a foreign country are not included, in order to avoid crediting to the development loan operation U.S. dollars which are expected to be paid by the Government of Liberia against its lend-lease obligation. As the President of Liberia has already been informed, the United States and Liberia intend to conclude an agreement for the use of such dollars for a joint educational program. In addition to Liberia, the only other country which uses the U.S. dollar as its local currency is Panama, to which, however, no lend-lease assistance was ever furnished.

Subsection (c) makes available for use for purposes of title I certain dollar assets of the Development Loan Fund which remain unobligated (\$146,000) as of the date prior to the effective date of the abolition of the Development Loan Fund.

Dollars committed by the Development Loan Fund but not obligated prior to the abolition of the Development Loan Fund for loans to be repayable in foreign currencies are not made available under this authority. The new development loan operation will be prohibited by law from making loans not repayable in dollars and could not honor these DLF commitments. The President, pursuant to section 621(c) of the foreign assistance bill, will designate the officer or head of an agency responsible for executing the loan agreements which will formally obligate DLF dollar assets committed for loans payable in foreign currencies.

*Section 203. Fiscal provisions*

Subsection (a) is derived from section 204 of the former Mutual Security Act relating to the Development Loan Fund, and makes no change in the authority granted under that section except that provision relating to foreign currencies has been deleted since repayments of loans in foreign currencies will no longer be possible. This subsection establishes the revolving character of the funds under this title by providing that all receipts from title I activities shall be available for use for purposes of that title. This subsection also provides that such receipts under title I and other funds made available under title I for use for purposes of title I shall be available until expended.

Subsection (b) authorizes the President to incur, in carrying out the purposes of title I, obligations which shall not at any time exceed the sum of all funds made available and all funds authorized to be made available to the President for purposes of title I. These funds include funds made available and authorized to be made available to the President in each fiscal year as the proceeds of the notes issued pursuant to section 202(a), the funds made available from the payments specified in section 202(b), the dollar assets of the Development Loan Fund made available under section 202(c), receipts made available pursuant to section 203(a), and any funds made available for title I pursuant to section 609 of the bill.

Subsection (c) provides that with respect to the performance of the functions vested in the President by title I, the President shall annually prepare and submit a budget program in accordance with designated provisions of the Government Corporation Control Act. This requirement is identical with that established for the Development Loan Fund in the Mutual Security Act.

Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget by each agency which is subject to its provisions of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual budget of the U.S. Government. Section 104 provides that each budget program shall be approved by the Congress, together with such limitations in such programs as the Congress may impose, as outlined above.

*Section 204. Reports*

This section is derived from section 202(b) of the existing Mutual Security Act. It requires the President to submit to the appropriate committees of the Congress quarterly reports of activities carried out under this title. The reference to appropriate committees here and elsewhere in the bill includes the Senate Foreign Relations and Appropriations Committees, and the House Foreign Affairs and Appropriations Committees. The reports will contain appropriate information on the amount of notes issued for purchase by the Treasury, the loans made pursuant to this title, and commitments of the United States involving future obligations and expenditures of funds.



*Section 205. Development Loan Committee*

This section directs the President to establish an interagency Development Loan Committee which shall, under the direction of the President, establish standards and criteria for lending operations under this title. This Loan Committee is to consist of such officers from such U.S. Government agencies as the President determines.

The new Development Loan Committee has the function of establishing standards and criteria for lending operations but is not vested with responsibility for management as was the Board of Directors of the Development Loan Fund. Authority for the management of the new development loan program is assigned to the President, with discretion for delegation by him.

## TITLE II—DEVELOPMENT GRANTS

*Nature and scope*

Basically, the development grants category constitutes a renewal and extension of the point IV concept. It is intended to be the principal tool for helping the least developed countries and the least developed sectors of the developing countries to overcome the deficiencies in human resources and institutions which are a critical bottleneck in their growth. It will make available trainers, advisers, and demonstrators, together with supporting equipment and construction where necessary to make their work effective. In some of the least developed countries, including those in Africa, where no dollar repayment capacity can be realistically foreseen, development grant funds are to be used in conjunction with economic overhead projects, such as roads and irrigation facilities. Assistance under this authority will be furnished principally on a grant basis, but may be furnished on other terms, such as loans repayable in local currencies and for a variety of economic development purposes, including the financing of feasibility surveys of development projects to be financed under title I as well as under this title. \$380 million is authorized for this purpose.

**DEVELOPMENT GRANTS  
(CONTINUING ACTIVITIES)  
PROPOSED PROGRAMS, FY 1962**





*Section 211. General authority*

Section 211 sets forth the legislative criteria under which the development grant program is to operate. These criteria are quite similar to the criteria for development loans appearing in section 201 of the bill. They require that the Executive take into account, in furnishing such assistance—

(1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress;

(2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives;

(3) the economic and technical soundness of the activity to be financed;

(4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures;

(5) the possible adverse effects upon the U.S. economy, with special reference to areas of substantial labor surplus, of the assistance involved; and

(6) the desirability of safeguarding the international balance-of-payments position of the United States. If the President finds that assistance proposed to be furnished under this part would have a substantially adverse effect upon the U.S. economy, or a substantial segment thereof, the assistance shall not be furnished.

Although there is no formal requirement that the countries receiving assistance under this authority do so, it is anticipated that those administering the program will take into account the willingness of countries to pay their fair share of the cost of the programs to which the United States contributes.

*Section 212. Authorization*

Section 212 authorizes an appropriation of \$380 million for the development grant program. Funds are to be appropriated for use beginning in fiscal year 1962 and are authorized to remain available until expended.

A total program of \$395 million for fiscal 1962 has been developed, including, in addition to the authorization in this bill, the use of unobligated balances currently estimated to be \$15 million, appropriation of which is to be requested. It is expected that \$259 million of this amount will be required to cover the cost of projects which have been initiated or committed in fiscal year 1961 or prior years (such projects will, however, be vigorously screened and reduced, eliminated, or in some cases expanded, as circumstances require); \$131 million will be used to finance new development grant programs and projects. Another \$5 million is to be used to pay for the handling, transportation, rehabilitation and other costs of excess property acquired for use throughout the economic aid program from other agencies of the U.S. Government under section 608.

A tabulation of the estimated costs of financing continuing projects by countries follows:

Far East-----	\$60, 000, 000	Africa—Continued	
Burma-----	1, 500, 000	Federation of Rho-	
Cambodia-----	6, 100, 000	desia and Nyasa-	
China-----	3, 520, 000	land-----	\$360, 000
Indonesia-----	17, 280, 000	Senegal-----	50, 000
Korea-----	6, 500, 000	Sierra Leone-----	900, 000
Philippines-----	3, 200, 000	Somali Republic-----	4, 400, 000
Thailand-----	4, 800, 000	Sudan-----	8, 100, 000
Vietnam-----	16, 400, 000	Togo-----	500, 000
Other-----	700, 000	Tunisia-----	5, 500, 000
		Guinea-----	300, 000
Near East and South			
Asia-----	73, 310, 000	Europe-----	3, 840, 000
Cyprus-----	350, 000	Yugoslavia-----	3, 840, 000
Greece-----	350, 000		
Iran-----	3, 810, 000	Latin America-----	17, 300, 000
Iraq-----	1, 090, 000	Argentina-----	460, 000
Israel-----	470, 000	Bolivia-----	860, 000
Jordan-----	7, 270, 000	Brazil-----	2, 850, 000
Lebanon-----	500, 000	Chile-----	1, 220, 000
Turkey-----	4, 800, 000	Colombia-----	310, 000
United Arab Re-		Costa Rica-----	200, 000
public-----	2, 280, 000	Ecuador-----	630, 000
Afghanistan-----	9, 800, 000	El Salvador-----	250, 000
India-----	17, 060, 000	Guatemala-----	320, 000
Pakistan-----	7, 500, 000	Haiti-----	290, 000
Nepal-----	12, 630, 000	Honduras-----	680, 000
Ceylon-----	1, 710, 000	Mexico-----	560, 000
Regional projects-----	3, 690, 000	Nicaragua-----	160, 000
		Panama-----	350, 000
Africa-----	71, 350, 000	Paraguay-----	460, 000
Regional projects-----	4, 500, 000	Peru-----	390, 000
Congo (Leopold-		Uruguay-----	10, 000
ville)-----	1, 500, 000	Venezuela-----	70, 000
Dahomey-----	130, 000	British Guiana-----	150, 000
Ivory Coast-----	350, 000	British Honduras-----	50, 000
Niger-----	100, 000	Surinam-----	100, 000
Upper Volta-----	120, 000	West Indies and East	
Ethiopia-----	9, 210, 000	Caribbean-----	3, 100, 000
Ghana-----	2, 190, 000	Regional-----	3, 830, 000
Liberia-----	10, 650, 000		
Libya-----	2, 500, 000	Worldwide total-----	225, 800, 000
Morocco-----	1, 340, 000	Interregional expenses-----	24, 400, 000
Nigeria-----	14, 200, 000	American schools abroad-----	4, 000, 000
Kenya-----	1, 380, 000	Overseas freight—volun-	
Tanganyika-----	1, 810, 000	tary relief supplies-----	2, 800, 000
Uganda-----	1, 260, 000	Atoms for peace-----	2, 000, 000
		Total-----	259, 000, 000

### Section 213. Atoms for peace

This section authorizes the continuation of the atoms-for-peace program incorporated in section 419 of the existing law. When the program was initiated in 1957, assistance was principally in the form of grants for reactors to further research in the peaceful uses of atomic energy. Twenty-three reactors have been approved for that purpose. Since most of the nations that are able to do research in this field availed themselves of the U.S. offer, that phase of the program expired in July 1960. Except for the completion of some funding for previously approved reactor programs, no additional reactor programs abroad are planned.



The committee has authorized the use of \$2 million of development grant funds for purposes of this section. This is the amount the Executive plans to use for continuing projects in fiscal year 1962. This money will finance laboratory, field, and teaching equipment that will improve training in basic and applied nuclear technology. Other activities for the next fiscal year include research facilities in hospitals and medical centers and continued studies of the application of nuclear energy in agriculture.

To allay any fear that the reactor program financed by the United States could be used for nonpeaceful purposes, the committee heard testimony from a representative of the Atomic Energy Commission. The latter pointed out that the United States has set up a safeguard system which includes inspection and that the reactors are of a specialized type that could not be used for military purposes without significant modifications. The safeguards system includes guarding against military use of or conversion of the reactors financed under this program.

#### *Section 214. American schools and hospitals abroad*

Subsection (a) is derived from section 400(c) of the former Mutual Security Act. It authorizes the use of development grant funds for assistance to American-sponsored schools, libraries, and hospitals abroad that serve as study and demonstration centers for U.S. ideas and practices or as centers for medical treatment, education, and research. The cumulative ceiling of \$20 million in existing law has been removed. For fiscal year 1961 \$4.5 million was used for this type of assistance; about \$4 million is planned for fiscal year 1962.

This authority is in addition to that in Public Law 480 and the Smith-Mundt Act. Several privately operated American-sponsored universities and libraries are in operation in Lebanon, Turkey, Greece, and other countries. Each of these is playing an important role as a training center and in the dissemination of American ideas. Priority will be given to those institutions most likely to make a direct and immediate contribution to economic development such as the American University at Beirut, including its medical school, and its affiliated secondary school, the International College.

Subsection (b), also derived from section 400(c) of the existing act, authorizes the use of U.S.-owned foreign currencies for assistance to American-sponsored schools, libraries, and hospitals abroad. As in existing law, the provisions of the Battle Act may be waived with respect to the use of foreign currencies for the purposes of this subsection. The language in the bill is intended to constitute an authorization for an appropriation to carry out the purposes of the subsection. The only use made of this authority to date is for a survey and design of a children's hospital in Poland.

#### *Section 215. Loans to small farmers*

This section states it to be U.S. policy to strengthen the economies of underdeveloped nations by improving agricultural methods and techniques and developing local programs of self-help and mutual cooperation in countries where the economy is essentially rural or based on small villages. A particular effort is to be made through loans of foreign currencies to associations of operators of small farms formed for the purpose of joint action designed to increase or diversify agricultural productivity.

The maximum unpaid balance of loans made to any association under this section may not exceed the local currency equivalent of \$25,000 at any one time and that the aggregate unpaid balance of all loans made under this section may not at any one time exceed the equivalent of \$25 million in local currencies.

This amendment is not intended in any way to modify or restrict authority to provide assistance for agricultural purposes, including assistance to associations of small farmers, under other authority already contained in existing law. Its purpose is to make credit available at the village level to small farmers on the same principles under which Government credit is available to farmowners in the United States.

The U.S. Government owns local currencies in many countries where the needs of loan assistance to small farmers is urgent. These loans will be made in the name of the U.S. Government, and will demonstrate in a realistic way the deep desire of the American people to help build the economic strength at the grassroots level in friendly countries. It is hoped that this program will serve as a model to inspire wider efforts along these lines by other countries.

This section is intended to give the Agency for International Development encouragement to expand and increase the credit programs for small farmers.

The following data have been submitted by the Executive Branch to show what has been done in the past for the small farmer.

#### CREDIT PROGRAMS FOR SMALL FARMERS

The agricultural credit programs in the developing countries in which the International Cooperation Administration (ICA) is giving assistance encourage, and in some cases are contingent upon, provisions which will make loans available to small farmers. In countries where ICA assistance is in the form of helping host governments to establish new credit institutions, the major emphasis is to provide loans to small farmers. In other countries where ICA assistance is to establish credit institutions, such assistance is directed toward urging these institutions to reorient their program in such a way as to give maximum assistance to small farmers.

In all cases, however, ICA urges that loans be made to farmers who are cultivating potentially economic units which have or can develop sufficient production for an adequate living for the farm family with sufficient additional production to repay the loan and a reasonable rate of interest.

Examples of ICA agricultural credit programs where substantial progress has been made in loans to small farmers include:

China: Financial and administrative help has been given to credit departments of township farmers' associations.

Philippines: By end of fiscal year 1961, over 500 cooperatives with a membership of about 300,000 farmers had been set up; loans extended through the Agricultural Credit Cooperative Financing Administration were in excess of 185 million pesos.



Thailand: Counterpart funds have been provided for a bank for cooperatives, 2 provincial cooperative banks, a local cooperative credit society and 10 local marketing societies.

Vietnam: Cooperative credit and storage organizations are now operating in 14 provinces; through the National Agricultural Credit Organization a total of 2.3 billion piasters has been loaned to 900,000 farm families.

Iran: The Agricultural Bank of Iran is being reoriented from primary interest in large farming operations to one addressed to small landholders; some 300 local credit co-operatives of a planned 700 have already been set up.

Jordan: Over 240 cooperatives have been formed by 17,000 farmers; more than 1,900 loans have been made to these cooperatives and to individual farmers.

Libya: More than 12,000 production loans to farmers and limited financing for farmer cooperatives.

### *Section 216. Voluntary agencies*

Subsection (a) is similar to section 409(a) of existing law. It authorizes the use of funds available for development grants to pay transportation charges from American ports to ports of entry abroad or to points of entry in landlocked countries of supplies donated by American voluntary agencies to carry forward their programs in these foreign countries. These programs comprise voluntary contributions for relief and rehabilitation in countries and areas eligible for assistance under this act. Such agencies include the American Red Cross and those registered with and approved by the Advisory Committee on Voluntary Foreign Aid. These agencies are now operating in about 70 countries. Their programs are people-to-people programs supported entirely by private American citizens. About \$2.8 million is expected to be used for transportation costs under this section in fiscal year 1962.

Subsection (b) is identical with subsection (b) of section 409 of existing law. It is intended to assure that where practicable the President shall arrange with the recipient nation for the free entry of such supplies and for the availability of local currency to cover internal transportation costs within the recipient country. This language will not preclude the voluntary agencies, in the interest of expeditious handling of their supplies, from making such arrangements prior to the shipment of their donations, thereby relieving the President of the need of making such arrangements.

## TITLE III—INVESTMENT GUARANTIES

One of the more important aspects of private enterprise participation is the guaranty program. Through the present investment guaranty program administered by the International Cooperation Administration the U.S. Government offers for a fee a form of insurance protection to new American investments abroad against the specified risks of currency inconvertibility, expropriation, and loss by reason of war. The investment guaranty authority for these purposes totals \$1 billion. To a broader extent the Development Loan Fund with a total guaranty authority of \$100 million issues guar-

anties for all risks except normal business-type losses on equity investments.

This title will consolidate and clarify the guaranty authority under the existing legislation pertaining to the International Cooperation Administration and the Development Loan Fund and will make a number of changes designed to broaden the existing authority to meet today's needs.

It is important to find ways of generating private investment in the less developed countries we are assisting. The committee believes that the investment guaranty program as authorized by this bill, is one method to encourage wider participation by private investors. Though the ceiling on the total guaranty-issuing authority of \$1.1 billion is not increased, the broader authority granted reflects practical experience gained in the guaranty programs since 1948. Principal changes in existing legislation are:

1. Specific risk guaranties have been extended under the war risk authority to protect against losses caused by revolution or insurrection and by sanctions imposed by other governments against the government of the area where the investment is located. Losses resulting from acts of provincial and municipal governments as well as national governments are eligible for guaranty coverage.

2. All-risk guaranty authority limited in face amount to \$100 million for unusual and special situations is included. This authority will be used experimentally and will permit the U.S. Government to insure against and pay an agreed percentage of a loss regardless of the actual reason for the loss. The authority expires June 30, 1964.

3. The requirements for agreements with foreign governments which recognize the U.S. Government's right to subrogation to any claims of private investors paid off under the program, and to succession to ownership rights to the property concerned, have been replaced with the requirement that the President make suitable arrangements for protecting the interests of the U.S. Government. This element of flexibility is highly desirable since in some instances, political or other practical difficulties may impede obtaining immediate detailed agreement with respect to U.S. turnover and subrogation rights.

4. To the extent that owners of the relevant guaranty contracts agree, authority is included to shift to a 25 percent reserve basis the pre-July 1, 1956 guaranties now obligated on a 100 percent basis and the DLF guaranties obligated on a 50 percent basis. This will make available approximately \$27 million of additional reserve obligating authority and provide the financial basis for issuing an additional \$108 million of guaranty coverage for which issuing authority already exists.

5. Eligibility is extended to cover foreign-chartered corporations provided they are majority owned by U.S. citizens.

6. Limitations on the amount of fees that can be charged for specific risk guaranties are eliminated while the requirement is retained to charge fees and authority is given to vary the amount.



*Status of investment guaranties issuing authority at June 30, 1961*

[In millions]

## I. Guaranty issuing authority (specified risks):

Statutory authorization for face amount of outstanding guaranties	\$1,000.0
Cumulative guaranties issued through June 30, 1961	\$607.2
Less: Terminations, reductions, expirations	124.8
Total outstanding	482.4
Remaining issuing authority, specified risks	517.6

## II. Guaranty issuing authority (all risk):

Statutory authorization for face amount of outstanding guaranties	100.0
Cumulative guaranties issued through June 30, 1961	\$6.0
Less: terminations, reductions, expirations	4.5
Total outstanding	<sup>1</sup> 1.5
Remaining issuing authority	98.5

<sup>1</sup> Reserves for losses based on 50 percent of the outstanding guaranties total \$747,864.*Status of specific-risk guaranty reserves at June 30, 1961*

[In millions]

## Reserves:

Note issuing authority	\$199.1
Fee income	7.1
Total reserves	206.2
Obligations for pre-July 1, 1956, outstanding guaranties at 100 percent	\$35.3
Obligations for post-June 30, 1956, outstanding guaranties at 25 percent	111.8
Total obligations	147.1
Remaining unobligated reserves	<sup>1</sup> 59.1

<sup>1</sup> The above table I for specified risks shows remaining issuing authority of \$517.6 million. However, remaining unobligated reserves total only \$59.1 million. Therefore, by maintaining the present 25-percent reserve basis, the new guaranties which may be issued total only \$236.4 million.

*Cumulative investment guaranties issued by country and type from Apr. 3, 1948, through June 30, 1961—Specific risks*

Country of investment	Converti- bility	Expropri- ation	War risk
Afghanistan.....	\$400,000	\$200,000	\$200,000
Algeria.....		2,000,000	
Austria.....	1,030,000	1,000,000	
Belgium.....	532,000	220,000	
Bolivia.....	500,000	19,436,301	
Republic of China.....	4,466,562	3,960,842	622,000
Republic of the Congo (Leopoldville).....	375,000	375,000	
Costa Rica.....	186,430	873,166	
Denmark.....	182,500		
Ecuador.....	252,945		
France.....	34,160,295	15,738,536	
Germany.....	13,863,291	44,843,439	
Greece.....	694,700	595,000	
Guatemala.....	447,000	2,772,000	
Guinea.....		72,000,000	
Haiti.....	180,000	1,180,000	
Honduras.....		1,200,000	
India.....	22,912,832	12,244,526	
Iran.....	11,497,843	7,167,843	
Italy.....	113,636,819	44,908,454	776,053
Japan.....	2,872,000	2,422,000	
Jordan.....		8,000,000	
The Netherlands.....	7,444,835	3,883,056	
Liberia.....		10,222,000	
Malaya.....		387,650	
Pakistan.....	1,409,000	1,040,000	
Paraguay.....	785,000	3,785,000	
Peru.....	11,679,868		
Philippines.....	6,560,300	4,386,550	
Thailand.....	1,719,630	920,230	288,000
Turkey.....	43,522,752		
United Kingdom.....	50,336,224		
Vietnam.....	2,000,000	2,000,000	
Yugoslavia.....	2,000,000	2,000,000	
Total.....	335,647,826	269,761,593	1,786,053

#### DETAILED DISCUSSION OF THE TITLE

##### *Section 221. General authority*

Subsection (a) substantially repeats the general authority now contained in the existing language of section 413(b)(4) and 413(b)(4) (A) of the Mutual Security Act, as amended. It authorizes the President to issue guaranties of investments in less developed areas for the purpose of promoting the participation of private enterprise in economic development. However, the cutoff date for guaranty-issuing authority of June 30, 1967, contained in existing section 413 (b)(4), is omitted.

This subsection also requires agreement by the government concerned to institute the guaranty program but does not require that such agreement take any particular form or have any particular content. Under this subsection any manifestation that the country is willing, in general, or in a particular case, that the program be used to induce investment would satisfy the purpose of the subsection.

##### *Specific risks*

Subsection (b) authorizes issuance of guaranties to U.S. citizens or business entities in which the majority beneficial interest is held by U.S. citizens regardless of where the entities are chartered. This subsection also identifies the risks and sets the maximum amounts which may be outstanding at any one time.

With respect to the citizenship requirement this subsection deletes the requirement that business entities be U.S. chartered as well as



U.S.-citizen owned. Thus, a much larger volume of protected investment is reachable since it is recognized that the place of incorporation of U.S.-owned businesses may vary for many reasons.

Paragraph 1, subparagraphs (A) and (B), of this subsection is derived from section 413(b)(4)(B) and substantially repeats the present provisions with respect to providing protection against risks of inconvertibility, expropriation, or confiscation by action of a foreign government. Subparagraph (B) provides coverage for losses of an expropriatory or confiscatory nature where there has been a loss of investment in whole, or in part. This is intended, generally, to require a material interference with the continued operation of the business or a unit thereof, as distinguished from limited or partial takeovers that do not prevent the major part of the operation from being carried on.

The authorization for extending protection against loss of investment "in part" is intended to permit the administrators of the guaranty program to compensate for action taken by a host government which would fall somewhat short of being so injurious as to cause the investor, if he still retained title, to be ready and willing to give up the business and be taken out of his investment. An example of a partial loss could be the case of a business carrying on independent operations in two or more plants, only one of which was subjected to governmental action amounting to expropriation or confiscation. The investor should not be required in such a case to give up the entire business in order to obtain compensation under his guaranty contract. On the other hand the committee does not intend that the amendment authorize compensation for every loss caused by unexpected and undeserved governmental action.]

[The committee recognizes that the administration of any program of partial loss guaranties will present difficult problems of preserving investor incentive to resist governmental encroachments, minimizing harmful U.S. embroilment in the domestic policies of host governments, and in claims against them, avoiding windfalls to investors, and even determining what is an appropriate rate of profit on an investment.]

The committee expresses the hope that with ingenuity and care, workable solutions to these problems can be devised.

This paragraph also covers expropriatory action by provincial and municipal governments as well as by national governments. Also, within the sense of this paragraph, regulatory or revenue-producing measures made with the intent to divest and which have the required effect upon control of the business property are considered expropriatory. Finally, this paragraph covers certain breaches of contracts by host governments which materially interfere with continued operation of the business, as is clarified by section 223(b).

Subparagraph (C) continues the existing authority for war risk coverage. In addition, new authority is included to provide protection against losses due to revolution or insurrection and losses due to sanctions imposed by any other governments against the government of the country in which the investment is located where such sanctions materially interfere with continued operation of the project. The committee believes that it is not desirable to go beyond these coverages and include civil strife.

The total face amount of guaranties authorized to be outstanding at any one time for specified risks is continued at \$1 billion. However,

this ceiling could be reached only if the present 25 percent reserve is reduced. Reserves available for obligation in connection with the issuance of guaranties totaled \$59.1 million as of June 30, 1961, permitting issuance of an additional \$236.4 million in guaranties. This amount added to the outstanding guaranties at June 30, 1961, of \$482.4 million totals \$718.8 million. This latter figure is the actual effective ceiling on guaranties that may be issued under this paragraph so long as the 25 percent reserve on post-June 30, 1956, and 100 percent reserve on pre-July 1, 1956, ICA guaranties and the 50-percent reserve on DLF guaranties are maintained.

#### *All risks*

Paragraph (2) of this subsection is derived from the present DLF guaranty provisions of section 202(b). Authority limited to \$100 million in face amount, is provided for all-risk guaranties. This paragraph considerably broadens the kind of risks that can presently be guaranteed. It allows all-risk guaranties of equity and loan investments on a share-the-loss basis but requires an express determination of importance before the authority can be used.

The objective of this broadened all-risk authority is to provide, in selected high priority situations, greater certainty to the investor of the exact extent of his ultimate exposure to loss. Negotiations with the investor prior to issuing the guaranty would establish the percentage of loss to be financed by AID and by the investor. Should a loss occur, the U.S. Government would then pay the agreed percentage regardless of the actual reason for the loss except where its cause was fraud or misconduct by the investor. Thus, the Government could share losses incurred due to business risks. It is not contemplated, however, that more than 75 percent, and usually no more than 50 percent, of any ultimate loss would ordinarily be assumed. Moreover, a substantial fee would be charged in such cases.

Concerning the application of the authority under this paragraph, the Honorable Frank Coffin testified:

What is proposed under this program is to invert the variables in the present ICA guaranty program, so that instead of affording full protection against some risks, we will afford some protection against substantially the full range of risks. The authority is designed to be responsive to unusual situations where special protection against risk is required in order to help create an environment in which private investment can play its full role. The provision is to be used in two kinds of conditions:

(a) In some instances where risk of losses appear high, potential private equity investors in projects of great importance may not feel adequately protected by the more generally applicable program discussed above. The inadequacy stems in part from the fact that it is impossible under ICA-type guaranties, to draw up contractual arrangements covering possible losses due to specified causes, which will fully anticipate and provide for every conceivable situation, and thus provide the investor with certainty at the outset as to the extent of his protection.



Such contracts, in the event a claim is made, will often need to be submitted to judicial proceedings, leaving the investor uncertain as to the outcome and as to his ultimate recovery. Where the probability of loss is considered reasonably remote, the investor will often be prepared to accept this uncertainty; as the likelihood of loss appears to rise, however, he may not be so prepared.

Risks of the higher order concerned are more likely to exist in the very new countries where instability and nationalism are widely prevalent; that is, in the very countries that are now important in our assistance programs.

To meet the circumstances, a guaranty against loss from any cause may sometimes be required. For this purpose, a share-the-loss approach will be undertaken under this new authority, similar in some ways to the V-loan program. This would be accomplished by a negotiation prior to the investment to reach agreement on the proportion of loss to be financed by AID and by the investor, respectively, in the event loss of the investment occurs. Once such agreement has been reached, the U.S. Government would pay the agreed percentage of loss incurred, regardless of the actual reason for the loss. The objective, in carefully selected situations of high priority, would be to provide greater certainty to the investor of the exact extent of his ultimate exposure to loss.

It is of importance to note that, in making available this greater degree of certainty, it is not contemplated that more than 75 percent of any ultimate loss would ordinarily be assumed by the Government. In all but a very few cases, no more than 50 percent of possible losses would be assumed by the Government.

Thus, although the Government would under this authority be possibly subject to payment for losses incurred due to business risks, it would never be liable for more than a percentage of any loss. Moreover, the Government would charge a substantial fee in such cases and perhaps would require a portion of the profits to be used for the benefit of the country concerned. The guaranty would be against loss of an investment, and recovery would not be measured by either current operating losses or the failure to realize any specified level of net earnings.

It will be appropriate to exclude from such guaranties any losses resulting from misconduct or fraud on the part of the investor himself, although obviously to the extent that exceptions are deemed necessary, the scope of protection again becomes uncertain to that extent. However, corporate managements are accustomed to taking responsibility for their own alleged misconduct in their relationships with stockholders, and therefore an exception for such misconduct is not likely to detract seriously from the attractiveness—and hence the effectiveness—of the guaranty.

(b) It is important to find ways, if possible, of generating private U.S. lending, as distinguished from equity investment, in the less developed countries we are assisting. In

order to seek experience in this direction the all-risk guaranty authority of section 221(b)(2) would continue to be utilized in priority cases to provide full loan repayment guaranties to U.S. institutions making loans to borrowers in eligible less developed areas.

As in the case of equity investment, it is not contemplated that more than 75 percent of any given loan would be guaranteed, unless approval for each case were given by the National Advisory Council on International Monetary and Financial Affairs. This limitation would prevent this use of the guaranty authority from presenting difficulty for the marketing or management of U.S. Government securities.

For both contemplated uses of the all-risk guaranty authority, it will always be the case that the project and the geographic area concerned will have such high priority that it would otherwise qualify for government-to-government lending, resulting frequently in a project owned and operated by the foreign government. Thus the all-risk guaranty authority provides at least a possible alternative to such a government transaction—an alternative that has within it the potential of sound management as well as the more efficient use of our Government's economic assistance resources.

Subsection (c) substantially repeats section 413(b)(4)(D) of existing law. It continues the requirement that no guaranty shall be issued for more than 20 years from the date of issuance. It also makes clear through the use of the phrase "value of the investment made" that investment in kind as well as in currency may be covered. The term "profits" means past earnings and does not allow for the coverage and payment of losses of anticipated profits.

Subsection (d) is designed to permit flexibility in country agreements and guaranty contracts by providing that the President shall make "suitable arrangements" for protecting financial interests of the U.S. Government. It replaces the fixed turnover and subrogation requirement under section 413(b)(4)(C) of the existing law. The existing clause has been interpreted to require that bilateral agreements instituting the guaranty program contain specific provisions recognizing the U.S. Government's right to subrogation to any claims of private investors paid off under the program, and to succession of ownership rights to the property concerned.

In past years these requirements have led to difficulties and delays in reaching agreements needed to begin the program. Many foreign governments require such agreements to be ratified by their legislatures. This sometimes occasions delays of many months and years even though there may be little doubt as to its eventual approval. Another major problem area is that many countries, because of constitutional or statutory provisions barring ownership of real property by a foreign government, cannot commit themselves to recognize turnover of such property to the United States.

It is intended to continue to seek to conclude agreements which contain explicit recognition of the U.S. Government's right to subrogation and turnover of assets. However, this new provision will allow alternative arrangements suited to the particular circumstances of



the case where legal obstacles in less-developed countries inhibit their entry into standard form bilateral agreements.

*Section 222. General provisions*

Subsection (a) replaces the provision of existing law which sets a ceiling of 1 percent per annum on fees for convertibility and 4 percent for expropriation and war risk guaranties. This new provision authorizes the President to charge a fee for each guaranty without limitation as to amount. Thus, fee schedules may be developed for different combinations of guaranties, varying according to duration and place of investment or other relevant factors. In the case of an all-risk guaranty, fees substantially in excess of presently established ceilings may be charged.

This subsection also repeats in substance section 413(b)(4)(E) of existing law concerning the reduction of fees on outstanding guaranties when fee schedules are reduced for guaranties of the same type.

Subsection (b) continues the provision of existing law for the continuing availability of fee income to pay claims under guaranties. Also included is new authority to pay from fees collected the management and custodial costs for any assets turned over to the United States under claim settlements.

Subsection (c) provides that all outstanding guaranties (other than informational media guaranties) under previous programs shall be counted against the \$1 billion total for specific risk guaranties authorized under section 221(b)(1). This would include guaranties issued by DLF under section 202(b) of existing law.

At June 30, 1961, the outstanding guaranties under previous programs totaled \$483.9 million as follows:

	[In millions]
International Cooperation Administration.....	\$482. 4
Development Loan Fund.....	1. 5
<b>Total.....</b>	<b>483. 9</b>

Therefore, as defined under this subsection, the remaining guaranties that could be issued at June 30, 1961, would be \$516.1 million.

Subsection (d) is derived from section 413(b)(4)(F) of existing law. It provides that guaranty claims are to be paid first from fee income, second from income from the disposition of assets, and only after these sources are exhausted from proceeds of notes totaling \$199.1 million issued under the Economic Cooperation Act of 1948 and the Mutual Security Act of 1954, as amended. An exception is made to the order of payment where specific funds have been set aside. This exception applies to the pre-July 1, 1956, ICA guaranties for which the full face amount (\$35.3 million) has been set aside as reserve and to DLF guaranties for which 50 percent (\$747,864) has been obligated and set aside.

Subsection (e) is also derived from section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended. Specifically, it provides:

1. That new guaranties issued shall be considered as obligations only to the extent of their "probable ultimate net cost." The AID agency presently contemplates that the 25-percent basis now being used for obligations will continue. This amount set aside will continue to be treated as a part of total resources which are available as a single reserve to pay claims in the order in which they are presented.

2. This subsection will allow, with investor consent, the 100 percent reserves behind the \$35.3 million in pre-July 1956 guaranties and the 50-percent reserves behind the DLF guaranties of \$1,500,000 outstanding to be blended into the single 25-percent reserve. This will have the effect of releasing a part of these funds formerly obligated at 100 percent and 50 percent of the face amount of the guaranty so that additional guaranties may be issued.

#### *Section 223. Definition*

Subsection (a) is derived from section 413(b)(4)(H)(ii) of existing law. It repeats with nonsubstantive changes in language the existing definition of "investment." The term includes contributions in kind as well as in cash and sales of capital goods on long credit terms.

In subsection (b) the term "expropriation" is defined, in accordance with existing practice, as including "any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project."

This definition does not purport to state fully the meaning of expropriation, but does attempt to make clear that the term includes unexcused breach by a host government of the contractual arrangements it enters into with an investor to induce him to make his investment. However, the breach must be such as to materially interfere with the continued operation of the project; it is not contemplated that under this definition the U.S. Government should have to pay damages for breaches which do not have this effect, but simply make the operation of the enterprise less profitable.

#### TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

Title IV provides special separate authority and funding to support feasibility studies designed specifically to encourage investment in economically underdeveloped areas by U.S. companies and companies owned by U.S. citizens.

An important method of creating greater private U.S. participation in the development effort is by encouraging more frequent feasibility studies of investment possibilities. The feasibility study is the means by which companies pull together the information and analysis needed to enable them to decide about an investment project; it can also bring together valuable general information about the area concerned.

Under general contracting and funding provisions of the mutual security program, feasibility studies for either private U.S. investment or for other projects can be and are undertaken. They constitute an important and highly useful factor in development assistance to underdeveloped areas, and such efforts will continue and be intensified. However, initiation of such feasibility studies by the Government suffers from certain disabilities. It is difficult for the Government to do the essentially promotional work to interest a particular private company in a particular project when it has not participated in the survey. Many companies, also, follow the practice of critically reviewing or even redoing the feasibility study which has already been performed even when there is no question as to its professional competence. Further, even within a narrow segment of a given industrial field, different manufacturing processes or approaches may yield differ-



ent results when tested, so that a feasibility study can be fully useful only when tailored specifically and in detail to the products, procedures, and policies of a particular company considering an investment.

Previously, the procedure has been followed of contracting investment studies only to private organizations that would not benefit directly. In cases where feasibility of an enterprise to be managed under contract is concerned, the organization investigating feasibility has been excluded under the contract from consideration for the later contract. Moreover, with few exceptions, because public bidding procedures have been in force for feasibility study contracts, there has been no way to respond positively to the initiative of a private company that would like to explore the feasibility of a possible investment abroad but does not feel itself justified, on a purely business basis, in spending the money for the needed study.

Under title IV, a larger number and variety of feasibility studies of particular investment possibilities will be initiated. In executing these, preference will be given, where possible, to contractors who indicate a positive interest in undertaking the investment to be studied. Such contractors may, however, employ as subcontractors, professional organizations in a manner consistent with their usual practice.

In order to respond positively to the initiative of companies that have an interest in considering an investment, but cannot justify financing the needed investigation, a new experimental approach will be undertaken. One possibility will be to enter into contracts with prospective investors under which the U.S. Government would pay up to 50 percent of the costs of feasibility surveys to be undertaken by such prospective investors. If, within a specified time after the survey is completed, the investor decides not to undertake the investment for which he made the survey, the survey will become the property of the Government, to be disposed of as it deems appropriate, by sale or otherwise. All supporting documents and material will also be made available to the Government. Surveys of extraction opportunities are excluded from the new investment survey program because first, the large extractive industries are able to afford the financial risk of their surveys in the light of anticipated profits from their foreign investments, and secondly, individual surveys of extraction opportunities usually call for such large expenditures that the relatively small appropriation would shortly be consumed.

In addition, another alternative will be to use the funds authorized for contributions to programs of foreign governments for encouraging such feasibility studies, providing the arrangement observed the terms and conditions of title IV. This can be especially helpful in assisting foreign development banks and similar institutions in one of their most urgent and important tasks. The authority might, in this instance, be used on a matching basis with funds of the recipient countries.

The initiative for surveys of investment opportunities, therefore, can come from the U.S. Government through its aid agency, the U.S. private investor, or the government of an economically underdeveloped country.

Five million dollars is authorized for the investment survey program.

*Section 231. General authority*

Subsection (a) provides the authority for the President to participate in the financing of surveys of investment opportunities in economically underdeveloped countries and areas, undertaken by any person, as defined in section 233(a), on such terms and conditions as he may determine. Such financial participation by the President shall not exceed 50 percent of the cost of each survey, and each proposed survey must be approved by the President and the government of the host country. Surveys of extraction opportunities are excluded from this authority.

Subsection (b) provides that in the event the person making the survey determines not to undertake, directly or indirectly, the investment for which the survey was made, he must within a specified time turn over to the Government a professionally acceptable technical report with respect to all the matters explored, that is, the feasibility study for the proposed investment. He must also make available to the Government all documents and material in connection with the survey.

*Section 232. Authorization*

This section authorizes the appropriation of \$5 million beginning in the fiscal year 1962 to carry out the purposes of this title, to remain available until expended.

*Section 233. Definitions*

Subsection (a) defines "person" in section 231 as a citizen of the United States or any corporation, partnership, or other association in which the majority beneficial interest is held by U.S. citizens.

Subsection (b) defines the term "survey of extraction opportunities" as a survey directed (1) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (2) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

**TITLE V—DEVELOPMENT RESEARCH***Section 241. General authority*

Title V authorizes the President to carry out programs of evaluation and research designed to contribute the results of systematic investigation into the improvement and effectiveness of the development assistance program in economically underdeveloped countries and areas. The President is authorized to use funds available for part I to carry out the purposes of this title.

In his special message on foreign aid of March 22, 1961, the President asked that there be initiated "a program of research, development and scientific evaluation to increase the effectiveness of our aid effort." The program authorized by this title is largely the product of the recommendations in the report of the Development Assistance Panel of the President's Science Advisory Committee. (See hearings, p. 971.)

Research in many branches of the Government and private activity throughout the United States and the industrialized world has shown how enormously the capacity to deal with complex, new, and unfamiliar problems can be accelerated and improved, and, effectively



applied, may result in reduction in costs. The committee is convinced that there is a real and definite need for a research program within the AID agency.

The research program will be called upon to fill the gap in the development phase of research activities, that is, testing new techniques in the environment in which they will actually be used. A systematic evaluation of new ideas, as they are put into practice, will therefore be a key function. In addition, the program will direct its overall efforts to encouraging an innovative attitude toward their own problems by the underdeveloped countries themselves, since in the long run it is they who will have to deal with their own economic and social problems. Wherever possible, projects of joint research will be promoted in which research specialists and institutions in the United States will cooperate with analysts in the underdeveloped countries. Finally, as stated by Dr. Max Millikan of MIT and a member of the President's Science Advisory Committee, before the Committee on Foreign Affairs—

an AID agency-sponsored research program can perform an enormously valuable function in stimulating a wider awareness in the research community of the United States of the problems of the underdeveloped countries and in generating, over time, a much larger pool of talent in this country with the training and interests required for participation in the development program.

Examples of the kinds of research projects which might be undertaken were cited in the testimony given the committee, such as simple power systems; transportation network requirements in underdeveloped countries and areas; educational systems to meet the needs of predominantly illiterate societies at the local level, and public health programs geared to the resources available. Whatever the area of research is determined to be, the basic knowledge available to the research unit will have to be imaginatively adapted to local conditions.

It is contemplated that the research program will be directed within the Office of Development Research and Assistance in the AID agency by a small staff, numbering about 20, of the highest quality from the scientific research community. Research projects will be undertaken mainly by contract with universities and other research institutions and agencies, although the research unit may be called upon to provide direct research assistance to the regional bureaus during the course of planning, execution, or evaluation of specific projects. As findings are tested and become available for field application, this Office will suggest the best ways of incorporating them into national development plans and programs. Finally, the Office will provide professional and technical leadership and overall guidance to the regional bureaus in matters relating to the development and utilization of human resources, that is, training of people to participate in the development of their countries. In addition, the Office will maintain liaison with the academic and scientific community, both private and governmental.

The research program will not duplicate other research work undertaken in the field of economic development assistance; rather, it will at first rely heavily on material already available. The committee believes that primary consideration should be given to comprehensive

analysis and evaluation of the processes of giving assistance, as well as to actual projects involved. American religious and other voluntary agencies have for decades been conducting educational, medical, agricultural, social and cultural programs in the cities, villages and countryside of all the underdeveloped countries of the world. A vast amount of invaluable experience has been gained by the most reliable method of all: trial and error. It was unfortunate and caused unnecessary delay in our governmental foreign assistance programs that too little study was given earlier to these worldwide operations. The committee believes that perhaps the first major effort of the new Office of Development Research and Assistance should be to collect, organize and evaluate the data already available. The findings and considerations of such evaluation can give guidance to the fields and methods which new research should most profitably explore.

The specific technical assistance research programs already contracted for under the International Cooperation Administration will continue.

The Executive requested a separate authorization of \$20 million to carry out the program. Since the research effort in the development assistance program will begin on an experimental basis, and a vast amount of material in the field of economic growth and development will have to be reviewed and evaluated before the contribution of the program to the development assistance program gains impetus, the committee believes that the new research program can meet its initial requirement from the funds provided in part I.

#### *Oceanography*

The committee in the course of its consideration of title V discussed the possibility of an international cooperative effort in research and development of the ocean's resources. The committee recognizes the importance of such a program. Knowledge of the oceans (oceanography), the resources which are contained therein, and the manner in which the oceans are utilized and exploited by various foreign nations all have a direct application to the economic, military, and political postures of those nations. The economic and military aspects are particularly important and the oceanographic data or knowledge obtained for one aspect is directly useful for and applicable to the other. Testimony before the committee mentioned fundamental research in oceanography as one of the scientific areas which the development research program can draw upon where applicable to the problems of economically underdeveloped countries. Where activities in the field of oceanography complement assistance furnished under other parts of this bill, it may be appropriate to finance them with mutual security funds.

## CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

### *Section 301. General authority*

Subsection (a) authorizes voluntary contributions on a grant basis to international organizations and to programs administered by such organizations. Under the existing Mutual Security Act the authorization for such contributions is contained in several scattered sections. In this bill they are brought into one chapter. Several of the pro-



grams funded on a voluntary basis under the authority of this subsection are also financed in part by assessed contributions that are carried in the Department of State appropriations bill.

Under the authority of this subsection the executive intends to contribute to 13 organizations and programs in fiscal year 1962. Ten of these are carried out under the United Nations and three are regional in scope. The activities and the proposed 1962 contributions are:

[Millions of dollars]	
United Nations:	
1. UNTA and Special Fund.....	\$40. 0
2. U.N. Congo—military.....	27. 0
3. U.N. Congo—economic.....	35. 0
4. United Nations Relief and Works Agency.....	13. 35
5. U.N. Emergency Force.....	1. 8
6. U.N. Children's Fund.....	12. 0
7. World Health Organization—malaria eradication.....	2. 5
8. World Health Organization—worldwide water supply.....	. 4
9. World Health Organization—medical research.....	. 5
10. International Atomic Energy Agency.....	. 75
Subtotal.....	133. 3
Regional programs:	
11. Organization of American States—technical cooperation.....	1. 5
12. NATO science program.....	1. 8
13. Indus waters.....	16. 9
Subtotal.....	20. 2
Grand total.....	153. 5

Subsection (b) retains the provision of existing law that the total U.S. contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for any one calendar year may not exceed 40 percent of the total amount contributed by all other governments for such purpose.

The United Nations Expanded Program of Technical Assistance was created in 1950 to offer technical cooperation for the economic development of less developed countries. It provides experts, fellowships, and demonstration supplies and equipment upon the request of countries through the specialized agencies of the United Nations, the International Atomic Energy Agency and, in certain fields, through the United Nations itself. The Special Fund, created through U.S. initiative, undertakes basic surveys, research, and training projects necessary for economic development. It is not an international capital development fund; rather it finances preinvestment projects. Emphasis is given to regional projects in preference to country projects. The combined goal of the two agencies is \$150 million. Pledges from other governments are expected to approximate \$60 million. This will result in a U.S. contribution of \$40 million. If pledges from other governments exceed this amount, thus requiring a larger U.S. contribution, the additional funds would be secured from other available foreign aid funds.

Subsection (c) retains in substance the requirement in existing law that the President, in determining whether or not to continue assistance to the U.N. Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement

ment and repatriation of such refugees, and (2) the extent and success of efforts by the agency and the Arab host governments to rectify the Palestine refugee relief rolls.

In accordance with this mandate the Secretary of State, under delegation of the President, determined that it was in the interests of the United States to continue to furnish assistance to UNRWA in fiscal year 1961. This determination was made despite the fact that neither Israel nor the Arab governments had taken any effective steps toward the repatriation or resettlement of the refugees. The only favorable developments during the past year were (1) real progress in the rectification of UNRWA relief rolls and (2) an expanded program of vocational training.

While the committee continues to support the program, it is of the opinion that more vigorous action is needed to bring the refugee problem to an acceptable and early solution. In addition to the \$13.35 million programed for UNRWA in this chapter, it is proposed to carry over unobligated balances presently estimated at \$4.85 million. It is also planned to use surplus agricultural commodities under title II of Public Law 480 with a value of \$6.5 million to UNRWA, and the Executive is urged to increase this if possible.

#### *Section 302. Authorizations*

This section authorizes for fiscal year 1962 the sum of \$153,500,000. As indicated above, this is the amount of the voluntary contributions to be made by the United States to the 13 agencies and programs included in this chapter.

The largest single contribution is \$62 million to finance the United Nations program in the Congo, of which \$35 million is for economic assistance and \$27 million is to help support the United Nations military operations. In addition the United States plans to contribute \$15 million of surplus agricultural products under the authority of Public Law 480. The military and economic operations of the United Nations have played a paramount role in localizing hostilities and in keeping the country going economically until the Congolese leaders can assume responsibility for the political and economic life of the country. The alternative to the United Nations effort is anarchy and possibly international conflict.

#### *Section 303. Indus Basin development*

This section is derived from section 404 of the former Mutual Security Act. It provides that when funds made available under the economic part of this bill are administered by the International Bank for the development of the Indus Basin, such funds may be used in accordance with the various standards and procedures of the Bank for similar projects. An international consortium comprising Australia, Canada, Germany, New Zealand, the United Kingdom, the United States, and the World Bank together with India and Pakistan, are financing this development which will include one of the world's largest irrigation systems in Pakistan and the Beas Dam in India. The political benefits accruing from this project are no less important than the economic benefits since it removes one of the principal differences between India and Pakistan. For fiscal year 1962, the United States is planning to contribute \$16.9 million as its share of the costs to the 10-year project under this section, excluding loans for this purpose under title I of Chapter 2.



## CHAPTER 4—SUPPORTING ASSISTANCE

Supporting assistance includes types of assistance for nondevelopmental purposes formerly authorized by sections 131(a) and 400(a) of the Mutual Security Act, which related to defense support and special assistance, respectively. An authorization of \$481 million for fiscal year 1962 is provided for this program. In addition, it is proposed to add unobligated balances currently estimated at \$50 million.

### *Section 401. General authority*

The language of this section is substantially identical to that in section 400(a) of the Mutual Security Act and authorizes the President to furnish assistance on such terms and conditions as he may determine in order to support or promote economic or political stability. This section is designed to authorize the furnishing of assistance, mainly on a grant basis, to meet requirements relating to economic or political stability which do not come properly within the scope of the other major categories of aid, including requirements for nonmilitary assistance specifically designed to sustain and increase military effort, to assure the retention of U.S. base rights abroad, or to maintain internal security.

### *Section 402. Authorization*

Section 402 authorizes an appropriation for fiscal year 1962 of \$481 million to remain available until expended, a reduction of \$100 million below the amount requested.

In determining the amount to be authorized, the committee considered the fact that certain countries for which large programs of economic assistance have been provided in the past and for which substantial programs are contemplated for fiscal 1962 have undergone changes in government which are likely to prevent them from making effective use of such assistance in the amounts anticipated at the time the authorization requests were developed. It was believed that a substantial cut in the funds available would assure a reappraisal and replanning of the programs for these and other countries which would assure that the flow of assistance would be adjusted to the effectiveness with which U.S. aid is utilized.

Supporting assistance is planned for 22 countries and 2 interregional programs. Over 55 percent of supporting assistance is planned for 4 countries: Korea, Vietnam, Turkey, and Pakistan, whose political alinement with the free world is backed up by substantial military forces. Approximately two-thirds of the funds for supporting assistance are programed for eight countries on the immediate periphery of the Sino-Soviet empire—Greece, Turkey, and Iran in the north-eastern area; Pakistan in south Asia; and Thailand, Cambodia, Vietnam, and Korea in the Far East. All have been maintaining larger military forces than they can afford to support out of their own resources. Together, they have 2,150,000 men under arms. Their defense expenditures account for a substantial portion of the relatively meager budgetary resources, ranging from 35 percent in Korea to over 22 percent in Thailand. It is important that they continue to maintain adequate military forces and thereby contribute to the free-world defense posture.





In fiscal year 1961, the United States has extended economic aid of a supporting assistance type to 37 countries in an amount totaling slightly over \$1 billion. Such aid has been financed out of defense support and special assistance funds.

In 14 of the 22 countries for which programs are proposed for fiscal year 1962, the proposed program is less than the defense support or special assistance provided in fiscal year 1961. The Executive expects to continue to reduce supporting assistance in fiscal year 1963 and beyond.

It should be noted that at the same time that supporting assistance has been curtailed, both in amount and in the number of recipient countries, an increase in development loans or grants is contemplated for most of these nations.

The major part of the supporting assistance in fiscal year 1962 will be programed to finance the flow of essential imports. The local currency generated by the sales of these imports will, in turn, be used to meet budgetary needs. In some cases, the currency will be used for support of military budgets and military construction, while in others it will be employed to finance development projects.

Approximately 10 percent of the authorization requested for supporting assistance is programed for countries which make available bases for U.S. air and naval forces. These bases are considered highly important for our defense now and at least for the next several years. The existence of such bases in these countries exposes them to possible Soviet retaliation. In some cases they profess to be neutral in the cold war conflict and, therefore, feel entitled to special compensation for the risks brought about by the presence of U.S. bases.

#### *Section 403. Special provision*

This section continues the requirement contained in the former Mutual Security Act that when any commodity is furnished under defense support on a grant basis under arrangements which will result in proceeds to the recipient country from the import or sale of the commodity, an amount equal to such proceeds in local currency shall be deposited in a special account by the recipient country under such terms and conditions as may be agreed upon.

Such portion of these deposits as may be determined by the President as necessary for the requirements of the United States is to be made available for U.S. use, except that the U.S. portion of such deposits shall not be less than 10 percent in the case of any country which has, under previous U.S. laws since repealed, been required to make 10 percent available to the United States.

The portion of such local currency deposits not required for U.S. use is available for such use as the President considers appropriate. It is anticipated that the non-U.S. portion of such deposits will be used for the benefit of the recipient country under procedures and for purposes approved by the United States.

## CHAPTER 5—CONTINGENCY FUND

*Section 451. Contingency fund*

Subsection (a) authorizes not to exceed \$300 million for fiscal year 1962 to be appropriated for a contingency fund to be used for assistance authorized by part I when the President determines it to be important to the national interest. This is a reduction of \$200 million below the amount requested. It provides funds to meet requirements which are either completely unforeseen or which are identified but without enough precision to warrant inclusion in one of the other categories. A provision establishing a contingency fund available to the President with broad discretion as to its use is contained in the former Mutual Security Act (sec. 451(b)) which was available for both military and economic assistance.

The amount requested for fiscal year 1962 is greater than that authorized for fiscal year 1961. The original authorization for fiscal year 1961 was \$150 million. As a result of the Congo crisis and developments in Latin America, including an earthquake in Chile, the contingency fund was increased by an appropriation to \$250 million (Public Law 86-704). This was further increased by a transfer from military assistance funds of \$30 million, making a total of \$280 million in the contingency fund for fiscal year 1961.

The Secretary of State, while testifying before the committee on June 7, 1961, in explaining that an increased contingency fund is needed for fiscal year 1962, pointed out that—

This large figure is required by the greater uncertainties of the times. We are living in a period of rapid change where the unexpected is the order of the day, where dangers and opportunities may arise with almost equal frequency. If we plan only for what we may now foresee, we will leave ourselves unnecessarily exposed \* \* \* (hearings, p. 33).

Following is a list of situations which may result in the need for the use of contingency funds in fiscal year 1962:

1. Newly independent states may find themselves with insufficient resources to establish and maintain minimum public services.
2. Countries may seek to lessen present dependence on the Sino-Soviet bloc for external aid.
3. In the face of stepped-up hostilities or threats, countries may need economic assistance, as well as military materiel, to help them increase their military capabilities.
4. Countries may find it possible to introduce long-term economic reform or major stabilization programs but may be unable to do so without extraordinary financial assistance.
5. Natural disasters—earthquakes, hurricanes, floods, fires—may warrant the provision of emergency funds to relieve suffering and to insure an orderly continuation of economic life.
6. In cases where minimum amounts of assistance have been programed or appropriated, the actual requirements for assistance may be much higher.
7. In cases where firm U.S. commitments have been made to finance specific projects, work may proceed at a more rapid pace than is now anticipated.



The Chairman of the President's Task Force on Foreign Economic Assistance and Director of the International Cooperation Administration, Hon. Henry R. Labouisse, also testified on the need for the increased contingency fund, saying:

This year a further consideration is likely to create additional demands on the contingency fund. The new program for international development now before you represents a significant departure from prior year programs. One of its cardinal features is a reduction in programed levels of grant assistance previously provided under defense support and special assistance. Our purpose in reducing such levels is to persuade countries to direct both their own resources and foreign assistance increasingly toward long-term development. In some cases, we may find that our assumptions about the rate at which the level of supporting assistance programs can be reduced has been unduly optimistic. The level may prove to be below the point at which minimum economic and political stability can be maintained. Relatively minor reverses in the domestic production or exports of recipient countries, or required increases in budgetary expenditures for defense or other purposes, could create legitimate needs for additional supporting assistance.

Also, he said—

Supporting assistance has not been programed for some 15 countries that received similar help from the United States in fiscal year 1961. We continue to believe that the needs of these countries in fiscal year 1962 can be met out of their own resources, supplemented as appropriate by help from the food-for-peace program, multilateral programs, and our own development funds. However, should additional legitimate need for help for these or other countries arise in fiscal year 1962, the contingency fund would be employed (hearings, p. 1374).

The contingency fund provided in this bill is designated for assistance under part I (economic assistance). Under existing law, section 451(b) authorized \$150 million for the contingency fund, which could be used to augment any other appropriation under the act, other than the Development Loan Fund, and subject to the conditions applicable to the appropriation being augmented, and was available for use pursuant to the President's waiver authority in section 451(a).

Subsection (b) of this bill requires that the President keep the appropriate committees of the Congress currently informed of the use of contingency funds. This requirement is not in the present law.

#### *Control*

The committee did not approve of the suggestion that the contingency fund of \$500 million as requested by the Executive was to be separated into two categories, half to be reserved by the President and used only after a determination by him as to its use and half

to be used at the discretion of the Administrator of the Act for International Development.

The committee does not intend that the funds made available under this authorization shall be used solely at the discretion of the Administrator of the Act for International Development.

The committee understands that the President may delegate functions with respect to making certain determinations and using the contingency fund. The committee believes, however, that the President should exert close supervision over and control of the contingency fund and that obligations incurred against the fund should be reported and reviewed by him.

## CHAPTER 6—ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES

### *Section 461. Assistance to nations having agrarian economies*

Subsection (a) states that the purpose of our economic assistance, consonant with our policy, is to enable the economically underdeveloped peoples to enjoy a better and fuller life and to direct our programs of assistance to those ends.

Subsection (b) requires that wherever the President determines that the economy of any country to which the United States extends assistance is basically agrarian at least half of our assistance by dollar value to that country in each fiscal year will be furnished through programs that will directly or indirectly reach the farmers and villagers. Among such programs would be those for assistance to the peoples in the establishment of cottage industries, the improvement of agricultural techniques, and to encourage the development of local programs of self-help and mutual cooperation.

Most countries of the world which will receive economic assistance under this act are undergoing a continuing revolution of "rising expectations." In many of the underdeveloped countries, 70 to 80 percent of the people live on small farms in huts and villages remote from the industrial area.

If this program is to serve the purpose of providing a better and fuller life for our friends abroad, it must be so executed that the benefits reach the places where the people live and at the same time help to prevent the widening of the gap between the rich and the poor.

If the benefits from a rising national income are distributed at all levels, the expanding industries will find indigenous markets, thereby building healthy consumer economies. Assistance from this program will have the long-term effect of increased purchasing power which in the course of time will open new markets for the United States.



## PART II

### CHAPTER 1—SHORT TITLE AND POLICY

#### *Section 501. Short title*

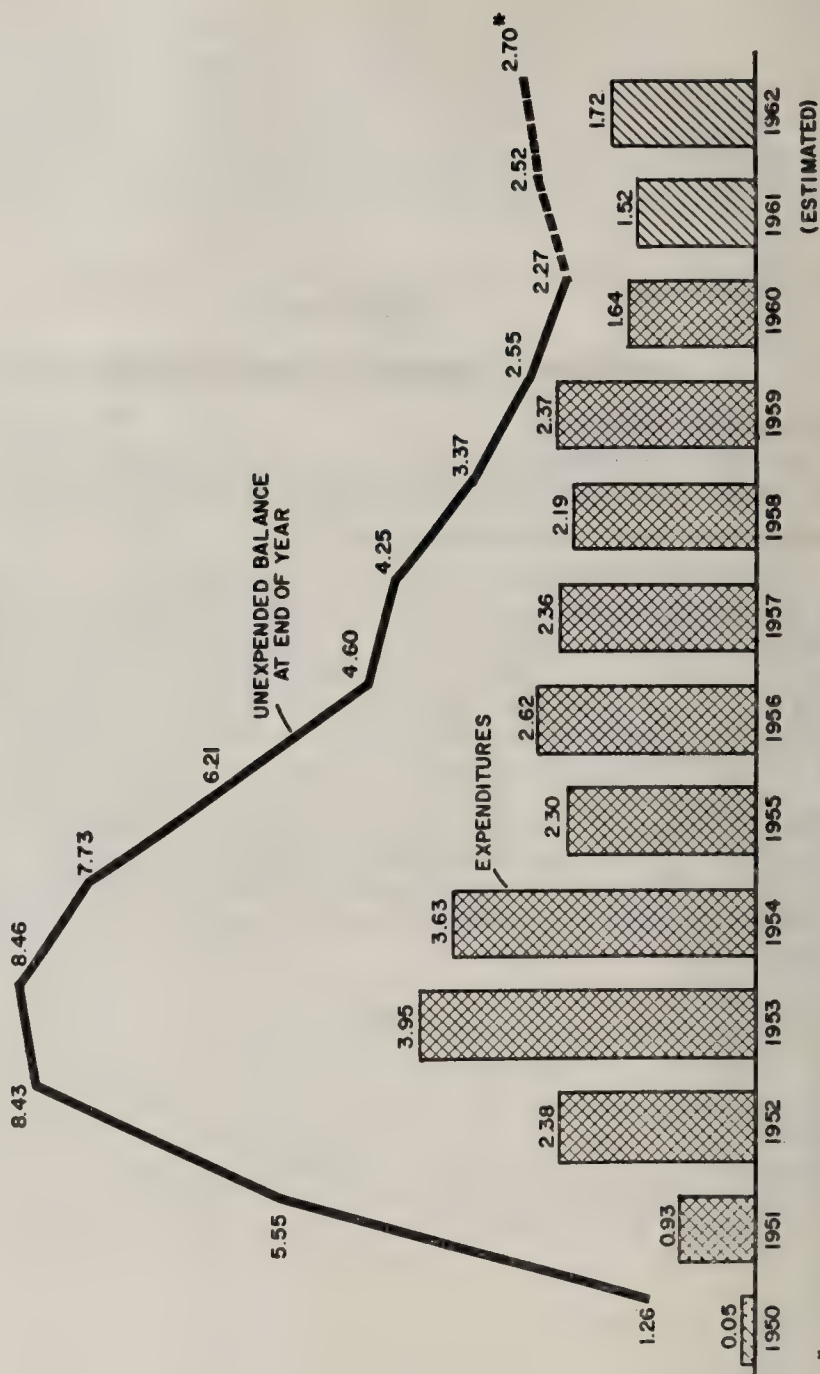
Part II of this bill deals with military assistance and is given the short title “International Peace and Security Act of 1961.”

#### *Section 502. Statement of policy*

The statement of policy reaffirms the policy of the United States in providing military assistance to other countries and makes clear that no change in this policy is contemplated under the authority of the present act. The language contained in the former Mutual Security Act, expressing congressional approval of “coordinated procurement, research development, and production of defense articles” by our NATO allies, is retained.

The Department of Defense estimates that \$985 million to \$1 billion of defense business will accrue to U.S. industry as a result of coordinated production and procurement participated in by members of NATO. To date U.S. industry has profited through the sale of proprietary rights, license fees, engineering man-hours, tooling, and long leadtime components.

# MILITARY ASSISTANCE PROGRAM EXPENDITURES AND UNEXPENDED BALANCES \$ BILLIONS



\* BASED ON AN ASSUMPTION OF \$1.885 APPROPRIATION IN FY 1962



## CHAPTER 2—MILITARY ASSISTANCE

After consideration of the developments in the world situation which have occurred during the last year, together with a continuing review of the operation and administration of the military assistance program, the Committee on Foreign Affairs is convinced that the program should be continued and that no major modification of its objectives or magnitude is justified.

The necessity for improvement in the organization and direction of the military assistance program has been demonstrated by events in Laos and elsewhere. The Committee on Foreign Affairs has continued its detailed review of military assistance operations, as reported by its Subcommittee for Review of the Mutual Security Programs in its publication "Report on U.S.-Financed Military Construction at Kharian and Multan in West Pakistan." In addition to this published report, a number of instances of operating deficiencies have been called to the attention of the Department of Defense.

Nevertheless, a continuing effort to improve the direction and control of operations has been noted, and the new administration has conducted a survey and evaluation of the entire military assistance effort. The Committee on Foreign Affairs believes, however, that there should be no relaxation of congressional scrutiny of the operation of the program and plans to increase its efforts.

An evaluation of occurrences in Laos as well as the military threats to other underdeveloped countries indicates that it would be a dangerous mistake to conclude that military assistance to countries in southeast Asia or other less developed nations should be drastically curtailed.

### *Section 503. General authority*

This section places in the President general authority to provide military assistance under the International Peace and Security Act. The main elements of the authority, which are taken from sections 102, 103, and 104 of existing law, are:

1. Assistance may be furnished on such terms and conditions as the President may determine.

2. Assistance may be furnished to any country, subject to the conditions of eligibility established by section 506 of the International Peace and Security Act, or to international organizations, the assistance of which the President finds will strengthen the security of the United States and promote world peace.

3. Assistance may be provided by acquiring defense articles or defense services from any source and providing them by loan, lease, sale, exchange, grant, or any other means to any country or international organization described in paragraph 2 above.

4. Financial contributions to infrastructure programs may be made.

5. Financial assistance may be furnished for expenses incident to U.S. participation in regional or collective defense organizations, such as the North Atlantic Treaty Organization and the Southeast Asia Treaty Organization, including contributions to bilateral or multi-lateral projects for research and development or production.

6. The general authority to furnish services of Department of Defense personnel, including members of the Armed Forces of the United States, is limited to the performance of duties of a noncombatant nature, including military training or advice.

*Section 504. Authorization*

This section authorizes an appropriation of \$1,800 million to be available until expended for military assistance beginning in fiscal year 1962, together with an authorization for the appropriation of such sums as may be necessary for the fiscal year 1963. This represents a reduction of \$85 million below the requested authorization.

In cutting the authorization by \$85 million, the committee had in mind that the budget of the outgoing administration, submitted in January, provided for \$1,800 million of military assistance. The new budget, submitted in March 1961, reduced this figure to \$1,600 million. Then, on May 25, 1961, a figure of \$1,885 million was requested. The increase between the figure submitted in March and the President's request in May was explained by the Executive as being made necessary by adverse developments in the international situation, particularly in southeast Asia. During the hearings, the committee explored in some detail the need for the additional \$285 million and was not convinced that the entire sum could be justified on the basis of recent developments.

The Mutual Security Act of 1959 provided what was, in effect, a continuing authorization for military assistance for a period of 2 years beyond fiscal 1960 on an experimental basis. In accepting this compromise, the committee of conference emphasized at that time that it was the intention of both the Committee on Foreign Affairs of the House and the Committee on Foreign Relations of the Senate to continue to make a careful review of all aspects of the military assistance program and to report to the House and Senate in the annual mutual security bill recommended legislation on the military assistance program. It was also the intention that each committee should receive each year a detailed report from the Department of Defense on the progress made in carrying out the military assistance program and a full explanation of the program planned for the forthcoming fiscal year.

It was the consensus of the managers on the part of the House and the Senate that on the basis of such continuous review the Congress might at any time deem it appropriate to reestablish annual dollar authorizations for military assistance and that the entire matter would in any case be reviewed when it becomes necessary to consider the authorization for military assistance funds after fiscal 1962.

The experience since 1959 has not indicated any necessity for returning to the practice of making annual authorizations for military assistance appropriations. Nevertheless, the committee believes that it should retain a close contact with all aspects of the military assistance program and that, particularly in this year when the legislation for the program has undergone a fundamental revision, a dollar limit on the authorization for fiscal 1962 is desirable. It reserves its judgment as to whether a dollar limit on the authorization for fiscal 1963 should be provided until it has observed operations during the year to come and until it has an opportunity to consider the recommendations of the Executive for fiscal 1963.

#### CHANGES IN EMPHASIS

There are certain major changes in emphasis in the military assistance program for fiscal year 1962. They are described by the Honorable Robert S. McNamara, Secretary of Defense, in his testimony



before the Committee on Foreign Affairs (Hearings, pp. 71 and 72) as follows:

The proposed program for 1962 would provide: First. A greater emphasis on internal security needs. Since our country figures and equipment plans remain classified in accordance with past custom, I cannot demonstrate this to you from the unclassified figures shown in annex A. Nor, to be completely candid, is the financial impact of this change of emphasis substantial, at least for this year ahead of us. We cannot avoid having a large share of the program go to the major hardware items needed to deter local war and to defend the NATO area. But you will see, as the details of the program are laid before you, that the new emphasis is both meaningful and effective. \* \* \*

Second. A continuation of the trend to increase the proportions and absolute amounts devoted to the Far East. The need for this added emphasis is, of course, directly related to the current situation in southeast Asia. Moreover, the threat of Communist China to the whole Far East area is pervasive and at least as strong as ever. Unlike Mr. Khrushchev, the rulers in Peiping have not verbally renounced resort to local war, nor have they admitted that general war would be disastrous. The strength, the confidence, and the will to fight of the whole area are sharply affected by the size and character of the aid we give them.

Third. Some reduction in assistance for European countries. The program for Europe, which affects particularly the European members of NATO, is confined almost exclusively to undertakings initiated in earlier years. I wish to emphasize that this change does not signify any shift in our conviction of the vital importance of the NATO alliance and of the continuing need for strong defenses of the NATO area, including a powerful nuclear deterrent. As the President said on May 25: "Our will and capacity to resist all types of aggression in the NATO treaty area should be clear beyond possibility of miscalculation." The change arises in part from the increased financial capacity of certain European nations to meet their own military requirements. It also reflects the fact that we are engaged in working out with our NATO allies the question of how NATO forces can be strengthened most effectively to insure that there is no miscalculation by the Soviet bloc of NATO's non-nuclear forces in order to enhance the overall deterrent credibility of NATO. This task may well involve a greater effort by all NATO members, and we must be prepared to consider how future military aid can be related most effectively to military programs developed on the basis of studies now underway in NATO.

What I say now on the military assistance program would not be complete without mention of the importance we attach to seeing that this program is properly coordinated with our overall defense effort. From the President's messages to the Congress you will have noted the emphasis on command and control of nuclear weapons, increased con-

ventional forces, their greater mobility, and the hard look we have been giving at how to assist those jeopardized by internal aggression. Our projected military assistance programs are a necessary integral part of this conceptual framework. Through the assistance planned we anticipate an improvement in our ability to deal with aggression in its incipient phases, to furnish help for friends and allies which will be more consistent with the kind of threat they face, and to maintain the facilities abroad upon which the quick and effective deployment of appropriate U.S. forces depend. We do not claim what we propose is a cure-all for the complex manifold threat the forces of freedom confront around the world. In the current situation surprises are frequent; the future is unpredictable. But the program we now propose we believe will give us additional flexibility, rapidity of response and applicability to a large variety of situations.

The following table indicates the contemplated change in use of funds by regions:

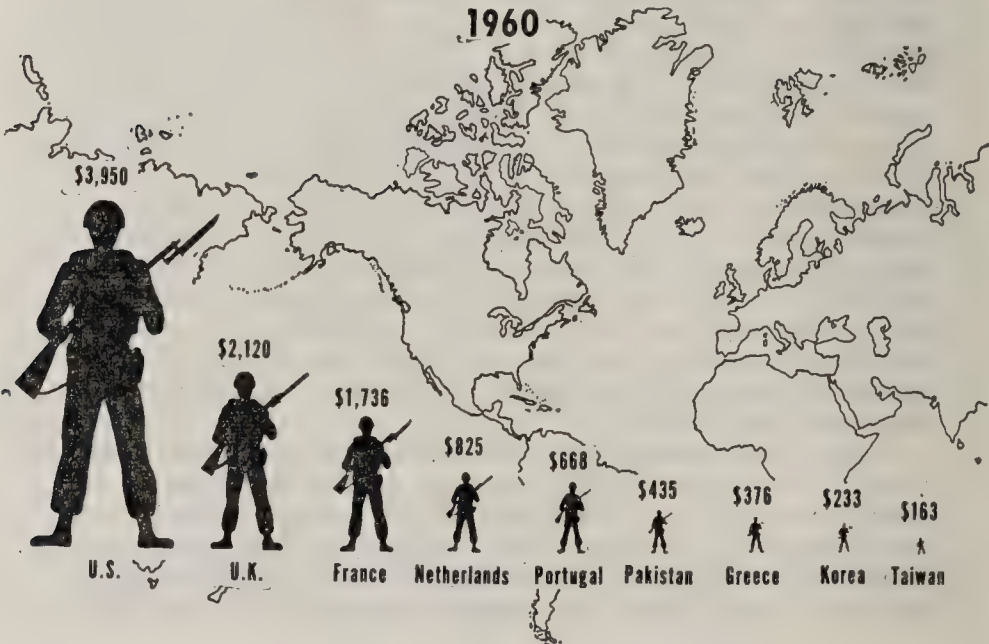
Military assistance program comparison by region

Region	1962 proposed program	1961 program
	Percent	Percent
Europe.....	22	23
Africa.....	3	2
Near East and South Asia.....	24	31
Far East.....	46	39
Latin America.....	4	3
Nonregional.....	1	2
Total.....	100	100
NATO.....	38	45

COST PER SOLDIER

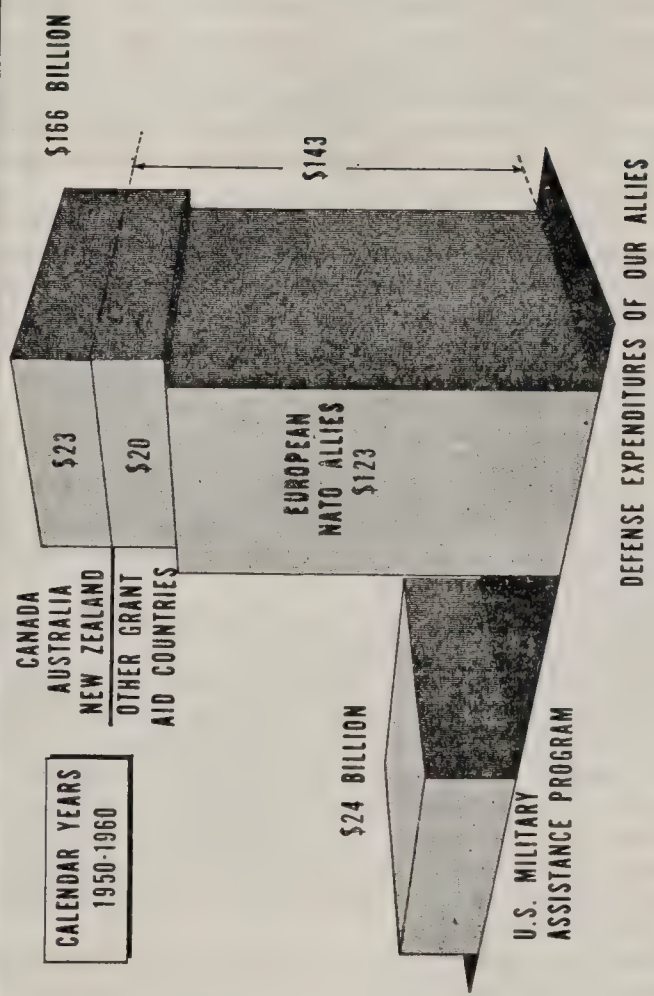
PAY, ALLOWANCES, SUBSISTENCE AND CLOTHING

1960





# MUTUAL CONTRIBUTIONS TO FREE WORLD DEFENSE



*Section 505. Utilization of assistance*

Subsection (a) specifies that military assistance furnished by the United States may be used for any of the following purposes, which are taken from section 105(a) of the former Mutual Security Act: (1) internal security; (2) legitimate self-defense; (3) participation in regional or collective arrangements or measures consistent with the United Nations Charter; or (4) participation in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security. The fourth purpose has been added to provide greater flexibility in the use of assistance.

Subsection (b) is identical in intent to section 105(b)(5) of the former Mutual Security Act. It recognizes that a critical need of less developed countries is in the realm of public works and economic development, and authorizes military assistance to be administered in a manner which encourages this objective to the extent feasible and consistent with the other purposes of the International Peace and Security Act.

The use of military assistance funds to finance earthmoving equipment, vehicles, and comparable construction items for public works projects in the less developed countries is not intended. However, temporary use of such items for public works projects is not precluded if furnished to a country to meet an actual military requirement.

*Section 506. Conditions of eligibility*

Subsection (a) prohibits the furnishing of any defense articles or defense services to any country unless it shall have entered into an agreement with the U.S. Government on the following points:

Paragraph (1) places specified limitations on the use to which defense articles and services may be put by the recipient country without the consent of the President.

Paragraph (2) provides that the recipient country shall maintain the security of defense articles and services.

Paragraph (3) states that, to the extent required by the President, the recipient country shall permit continuous observation and review by, and furnish information to, representatives of the U.S. Government with respect to the use of grant defense articles and services.

Paragraph (4) is derived from section 511(c) of the former Mutual Security Act. It provides that, unless the President consents to other disposition, the recipient country will return to the U.S. Government grant defense articles which are no longer needed for the purpose for which furnished.

Subsection (b) sets forth the following additional conditions that the President must determine have been met by any country if it is to receive defense articles or services in excess of \$1 million in any fiscal year:

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles or defense services will be utilized by such country for the maintenance of its own defensive strength and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and



(4) that the increased ability of such country to defend itself is important to the security of the United States.

It is the desire of the Executive to provide military assistance in some cases to countries which regard themselves as neutral and are unwilling to enter into any commitments which have the effect of alining them with either the United States or the Soviet Union. It is in the interest of world peace and the security of the United States to assist such nations to maintain their internal security and to defend against raids across their borders.

On the other hand, the committee does not believe that military assistance should be provided on any substantial scale to any country which is not willing to choose sides in the defense against international communism.

The provisions of subsection (b) limit the amount of military assistance which can be given to any country unwilling to aline itself against Communist aggression anywhere.

#### *Section 507. Sales*

This section is derived from section 106 of the former Mutual Security Act.

Subsection (a) provides that defense articles in service stocks and defense services of the Department of Defense may be sold for dollars to countries and international organizations. This subsection does not involve use of funds which may be available under the International Peace and Security Act. Payments may be made in advance or on terms of credit up to 3 years from the date of delivery of defense articles or provision of defense services when the President determines such credit arrangements to be in the best interests of the United States. The last sentence of this subsection, which sets forth criteria for fixing the price to be paid in such sales, is identical to the criteria contained in section 106 of the former Mutual Security Act.

Subsection (b) authorizes the President to enter into contracts for procuring defense articles and services for sale (without charging any appropriation or contract authority) if the purchasing country or international organization provides a dependable undertaking to pay in advance amounts sufficient to meet all payments under such contracts, including damages for breach of contract.

#### *Recapitulation of military assistance sales authority*

There are three types of arrangement under which defense articles and defense services may be supplied to foreign countries and international organizations on terms of repayment. Each is separately authorized.

Defense articles and services may be supplied on credit without limit as to terms under section 503(a). Military assistance funds are used to finance such transactions. Comparable authority was provided under section 102 of the former Mutual Security Act. Since credit transactions of this kind may be regarded as an alternative to grants, there is no reason to restrict the terms under which they are made. Reimbursements under this subsection are available to finance military assistance under section 508.

Sales under section 507(a) are made from the stocks of the Department of Defense. No military assistance funds are involved. Section 106(b) of existing law contained similar authority. Such sales must

be for dollars, but repayment over a period up to 3 years is authorized. In practice, nearly all sales under this section have been for cash.

Sales under section 507(b) are not sales from Defense Department stocks but involve making available the facilities of the Department of Defense to procure defense articles and services for a foreign country or international organization. Such sales were authorized by section 106(a) of the Mutual Security Act. The buyer is required to make funds available to take care of all payments to suppliers. No military assistance or Defense Department funds are utilized to finance such transactions.

#### *Competition with commercial sales*

The Committee on Foreign Affairs has received reports that the Department of Defense has been selling to foreign governments military equipment which is available from commercial sources in competition with private business. Much of this equipment is of new manufacture and is specifically procured by the Department of Defense for the purpose of effecting such sales.

Because of the complex questions involved, this subject is not easily susceptible to legislation. The committee recommends that the Department of Defense reexamine existing directives in this field. Such reexamination should insure that the U.S. Government, while protecting its necessary security and economic interests, should not unduly interfere with or compete with private business activity. Also, the Department of Defense should do nothing to discourage sales of nonclassified military equipment by commercial suppliers. Forceful salesmanship by American enterprise is in the interest of the United States.

#### *Section 508. Reimbursements*

This section is derived from the last sentence of section 103(c) of the Mutual Security Act.

This section relates only to reimbursements from transactions where military assistance funds have been used and does not apply to sales under section 507.

Since reimbursements under this section are for transactions involving funds available for grants, it is desirable to encourage arrangements for the supply of defense articles or services on repayment terms to the greatest extent possible.

For this reason, the limitation requiring repayment within 3 years and the \$175 million limitation on appropriations which could be used under this section have been eliminated.

#### *Section 509. Exchanges*

Section 509 of the International Peace and Security Act authorizes defense articles and services received in exchange for military assistance to be used as authorized in section 503 to carry out the International Peace and Security Act. It also authorizes disposal of such articles or services or their transfer to any U.S. Government agency for stockpiling or other purposes. If reimbursement is received as a result of such transfer or disposal, it is credited to the account funding the assistance which was exchanged for the defense article or service concerned or to any appropriation, fund, or account currently available for the same general purpose. Provision of this authority facilitates increased emphasis on cost sharing and also



simplifies arrangements for multilateral production projects in which the United States receives defense articles in repayment for assistance.

In effect, this section authorizes the use of goods received from barter transactions. It will, for example, facilitate arrangements for the manufacture of certain types of military equipment in foreign countries. In a number of cases the United States desires to finance the manufacture of a particular weapon or item of equipment in a foreign country and to receive payment for such financing in the form of deliveries of the manufactured item, which will then be turned over to another nation receiving U.S. military assistance.

*Section 510. Special authority*

Subsection (a) authorizes the President to order supplies from existing stocks of the Defense Department and defense services to be furnished for military assistance purposes, if he makes a finding that the use of these supplies or services is "vital to the security of the United States." This special authority is intended to enable the President to act promptly in situations that cannot be anticipated at the present time, situations where, in his judgment, the provision of military assistance is, in fact, vital to the security of the United States. This authorization is limited to \$400 million in each fiscal year, and prompt notice is required to be given to the appropriate committees of the Congress.

Subsection (b) provides that the Department of Defense is to be reimbursed from later year appropriations for military assistance. In the meantime, the Department of Defense would be permitted to incur obligations in anticipation of such reimbursements, and thus could take immediate action to start the replacement of stocks furnished to the military assistance program. This is in effect an automatic obligational authority to replenish the stocks of the military departments in an amount equal to the value of the stocks furnished to military assistance.

In the judgment of the committee, the authority provided by this section gives the President a means of meeting a military emergency with less likelihood that part or all of the \$400 million authorization would be drawn upon than would be the case if a dollar contingency fund for military assistance were created.

*Section 511. Restrictions on military aid to Latin America*

Subsection (a) places a ceiling of \$60 million on the value of grant military assistance of defense articles to Latin America in any fiscal year beginning with fiscal year 1962. This is an increase of \$5 million over a similar ceiling imposed last year. The ceiling does not apply to services or to sales of defense articles.

The subsection provides also that an amount equal to the amount by which the foregoing ceiling reduces the grant programs of defense articles as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation for development purposes and shall be used for such grants in the American Republics.

Subsection (b) continues the requirement in existing law that military assistance not be provided to the American Republics on the basis of requirements for internal security unless the President makes a determination that this be done.

*Arms race in Africa to be avoided*

The committee recognizes that the African countries may need limited military aid to assist them in maintaining internal security and to defend against border incursions. It strongly urges the Executive, however, to be continually on guard against the development of an arms race in Africa. The committee is opposed to increasing the military assistance to Africa above the tentative level presented to the committee without consultation with the appropriate committees of the Congress as to its justification.



## PART III

### CHAPTER 1—GENERAL PROVISIONS

#### *Section 600. Guarantees of freedoms*

This section expresses the sincere desire of the Congress that the governments of countries receiving assistance under this act guarantee their people the freedoms of speech, religion, and the press.

A basic objective of U.S. assistance has always been to encourage the growth of individual freedoms and to maintain the dignity of man. It is hoped that all of our free world partners will, seeing the unhampered freedoms and continual growth of America, look to these same objectives for their own people.

The great principles on which our Republic was founded comprise the proudest possession of the American people.

These ideals are expressed eloquently in the Declaration of Independence and the Bill of Rights. These inspirational documents, together with the lives of truly great American statesmen like Abraham Lincoln, have served as beacons of hope and promise to untold millions. The blaze of freedom which was started in 1776 has spread to all corners of the globe.

This section proclaims anew the great American purpose which will ring a true chord in the hearts of the struggling masses in the newly emerging nations.

The United States supports the hopes, dreams and aspirations of the average man to live and to raise his family in a free society where he may fully develop his own potential without fear or restraint.

#### *Section 601. Encouragement of free enterprise and private participation*

Section 601 is identical in intent, although the wording is not exactly the same, to sections 413(a) through 413(b)(3) of the existing law, with the same attitude toward encouragement of free enterprise and private participation.

Subsection (a) is an expression of recognition of the role of free enterprise in raising levels of production and standards of living and a statement of policy concerning the encouragement of free enterprise and private participation.

Subsection (b) directs the President to find and draw to the attention of U.S. private enterprise opportunities for investment and development in economically underdeveloped friendly countries, and to make and enforce agreements with other countries which will facilitate such private investment.

The changes in wording from that in section 413(a) through 413(b)(3) of the existing law represent conforming changes, as well as an emphasis on development as the purpose, with the substitution of "other countries" or "economically underdeveloped friendly countries" for "other free nations"; substitution of "other countries or areas" for "other countries or a dependent area of any country"; substitution of "consistent with the national interest" for "consistent with the security

and best interests of the United States" and saying "essential to economic progress and development" rather than "essential to the economic progress and defensive strength of the free world."

In addition to the provisions explained above, section 413 of the existing law contains the following subsections, which are omitted from section 601 of this bill:

Subsection (b)(4) which contains provisions for the issuance of investment guaranties. The present bill has a separate title (pt. I, title III, secs. 221-223) providing for investment guaranties.

Subsections (c) and (d) of section 413 of the present law are omitted.

Subsection (c) provided for annual studies, under the direction of the President, of ways and means of best utilizing and protecting private enterprise and the U.S. economy. This provision was not included in the proposed legislation since the role of the private sector is undergoing continuous review by the Executive.

Subsection (d) provided for a single study under the direction of the President to determine how best to formulate and effectuate programs of assistance to strengthen the economies of free nations. This study has been completed and its findings and recommendations taken into consideration in the present bill.

#### *Section 602. Small business*

The intent of section 602 is identical to section 504 of existing law, although subsections (b) and (c) of section 504 have been omitted and the language revised as explained below.

Section 602 provides that the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles and services (including defense services) which are financed with funds made available under the Act for International Development and the International Peace and Security Act by providing information about proposed purchases and availability of items to be purchased, as well as by providing additional services.

Section 602 includes in one paragraph the services to be rendered to small business under both military and economic assistance programs. This eliminated, therefore, the need for subsection (c) of the existing law, a separate section relating to military assistance. Reference to "defense articles" and "defense services" was added in order to conform to the terminology of the new bill.

Although the functions and responsibilities provided for in section 504 of existing law are continued in this act, the discretion as to who is to be responsible and perform these functions is left to the President. The Office of Small Business required by subsection 504(b) is abolished and the Executive intends to make the implementation of this section with regard to nonmilitary assistance a primary responsibility of the Assistant Administrators of the Agency for International Development to be assisted by an Office of Commodity Assistance. The Office of Commodity Assistance will: (1) Provide advance information to small business on proposed purchases for programs, (2) provide prospective purchasers in recipient countries with information concerning commodities and services available from U.S. small businesses, and (3) collaborate with other Federal and private organizations interested in assisting small business participation.



*Section 603. Shipping on U.S. vessels*

Section 603 is identical to section 509 of existing law, except for minor conforming changes.

The purpose of this section is to exempt from section 901(b) of the Merchant Marine Act of 1936, as amended, the ocean transportation between foreign countries of commodities and defense articles which have been purchased with foreign currencies made available or derived from funds made available under this bill or the Agricultural Trade Development and Assistance Act of 1954, as amended. If this exemption were not enacted, 50 percent of the tonnage financed with such currencies would have to be shipped on "privately owned U.S.-flag commercial vessels to the extent that they were available. \* \* \*" The 50-50 shipping requirement, applied to shipments originating in a foreign port and destined for a foreign port, is not only difficult to administer but hampers the sale of surplus agricultural commodities as well as other sales through restricting the use of local currency generated by these sales. For these reasons, this exemption has been in the Mutual Security Act since 1955 (sec. 9(d) of Public Law 138, 84th Cong.).

Transfers of fresh fruit and the products thereof under this act are specifically exempted due to their perishable nature and the necessity for refrigeration facilities which are limited in number on U.S.-flag vessels. This exemption is contained in the existing Mutual Security Act, and a similar exemption is also provided for sales of fresh fruit under the Agricultural Trade Development and Assistance Act of 1954 (sec. 3, Public Law 962, 84th Cong.).

*Section 604. Procurement*

Section 604 rearranges section 510 of the present law into 3 subsections, with some changes in language for purposes of clarification and conformity, and is not limited to nonmilitary procurement as under the existing law.

Subsection (a) authorizes procurement abroad only if the President determines that the economy or industrial mobilization base of the United States will not be adversely affected and economic and other advantages to the United States outweighed thereby. This provision applies to purchases with any of the funds made available under this act. Formerly this authority was limited to nonmilitary procurement for defense support and Development Loan Fund purposes (ch. II, titles I and II, of the Mutual Security Act).

Subsection (b) prohibits procurement in bulk of commodities at prices higher than the prevailing U.S. market price, taking into consideration transportation costs, quality and terms of payment. "Purchase in bulk" refers to quantity purchases not earmarked for a special project (nonproject assistance). Special purchases for project assistance are not intended to be included in this prohibition. The prohibition in subsection (b) applies to purchases with any of the funds made available under this act; under the Mutual Security Act it applied only to defense support funds.

To eliminate singling out a particular industry for special treatment, the exclusion from this prohibition of the purchase of raw cotton in bales is not continued in the law.

Subsection (c) directs the President insofar as practicable to authorize purchase of surplus agricultural commodities in the United States only, except when not available to meet the requirements of recipients.

Subsection (d) continues in effect the provision in the Mutual Security Act (sec. 131(c)) authorizing the use of U.S. dollars for marine insurance on commodities procured in the United States where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II. In case of discrimination by a participating country against any marine insurance company authorized to do business in the United States, commodities purchased with funds provided under this act and destined for such country shall be insured against marine risk by a company or companies authorized to do marine insurance business in any State of the United States.

#### *Section 605. Retention and use of items*

Subsection (a) of section 605 is identical in intent to section 511(b) of the present law, although language changes have been made for purposes of clarity and conformity.

This section permits the retention by, or transfer, upon reimbursement, of commodities and defense articles procured to carry out the purposes of this bill, to any U.S. Government agency upon the determination by the President that it will serve the best interests of the United States to do so rather than dispose of them to a foreign country or international organization. It also authorizes, when necessary, disposal to prevent spoilage or wastage without regard to the laws governing disposal of U.S. Government property. Funds realized from such disposal or transfer are to revert to the appropriation, fund, or account used for the original procurement or to one currently available for the procurement of such commodities or defense articles.

Subsection (a) further provides that the retention or transfer of commodities and defense articles is to be made upon determination by the President or whenever such retention is called for by concurrent resolution.

Subsection (b) of section 605 is a revision of a sentence from section 505(a), "Loans and sales," of the existing law, which provides that commodities transferred to the U.S. Government in repayment of assistance may be used in furtherance of the purposes of the act. This subsection refers only to economic items; a similar provision covering military articles and services is contained in section 509 of the new bill. This sentence was reworded for purposes of clarity and conformity, and the special exception of the Development Loan Fund deleted because under the new bill development loans must be repaid in dollars so that the provisions of this section no longer apply.

#### *Section 606. Patents and technical information*

This section is a revision without substantial change of section 506 of the former Mutual Security Act. It provides an exclusive remedy against the U.S. Government for unauthorized use or disclosure of patents or other proprietary rights in connection with the furnishing of assistance under the bill. Remedy by suit in the appropriate district court or the Court of Claims within 6 years is supplemented by an alternative settlement authority in the head of the appropriate agency.

In addition, the reference to the last paragraph of section 1498(a) of title 28 of the United States Code incorporates existing law allowing



Government employees to bring patent suits against the Government in certain instances.

*Section 607. Furnishing of services and commodities*

This section is substantially similar to section 535(b) of existing law except that the American Red Cross and relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid have been added as eligible recipients.

This, in effect, permits U.S. agencies to sell services and commodities, including excess property, to the specified recipients when the President determines that such sales will further the economic assistance purposes (part I) of this bill. This section further allows the U.S. agencies to credit the funds received in reimbursement for services and commodities to the current applicable appropriation, fund or account if the funds are received within 180 days after the close of the fiscal year in which the services or commodities are delivered. Reimbursement cannot exceed the cost, if any, to the U.S. Government agency furnishing the services and commodities to recipients under this section.

*Section 608. Advance acquisition of property*

This section is a completely new authority. It is designed to overcome one of the chief obstacles to fuller utilization of U.S. excess property in this country and abroad. It will allow the AID agency to acquire foreign and domestic excess and other property in advance of a specifically identified requirement under part I programs and under section 607. At the present time it is extremely difficult to match the availability of an excess item with such requirements. The very limited time (usually 30 to 45 days) for which an item is available under normal screening procedures for excess property prohibits a complete review of worldwide needs. Also, the availability may not coincide with the AID requirement. Therefore, even though it could reasonably be expected that the item would be needed in the immediate future, existing authority has been interpreted as not permitting its acquisition and retention.

*Establishment of a revolving fund.*—Under subsection (a) a revolving fund of \$5 million is authorized to be established from funds made available under section 212. It will be used to pay costs of acquisition, storage, renovation, rehabilitation, packing, crating, handling, transportation, and related costs of excess property. It is also intended to cover commercial procurement of limited amounts of other property needed to complement the excess items in order to make up a complete package. Pursuant to existing law the AID agency is not required to pay for the excess property, but it or the recipient is required to pay all other costs incidental to its transfer, rehabilitation, and preparation for use. The \$5 million revolving fund will be used to pay these charges and will be reimbursed from the specific program funds that ultimately take over the particular piece of equipment or from payments received from recipients under section 607. Charges to such funds will consist of only actually incurred and enumerated costs for each item plus a small percentage to recover storage and other overhead costs.

*Limitation on amounts to be held.*—The committee has placed a \$15 million ceiling, computed on original acquisition cost, on the total amount of domestic excess property that the AID agency can hold at any one time. This ceiling the committee believes will prevent losses of needed domestic excess property to the AID program while restrict-

ing to a reasonable level the amount of equipment that can be stockpiled without a specifically identified requirement. The ceiling will also render unnecessary the leasing or establishment of large holding and storage areas around the United States.

It is pointed out that the \$15 million ceiling imposed relates only to domestic excess property acquired under the authority of this section. Further, the ceiling does not relate to the AID agency's acquisition of domestic excess property for a specific need known at the time the domestic excess property is acquired.

The committee does not want to inhibit in any way the possibility of increased utilization of foreign excess property which will be possible with this advance acquisition authorization. It is hoped that this broadened authority will be used at the earliest possible time and to the maximum extent possible to prevent further losses of utilizable foreign excess property. This area, it would seem to the committee, would produce the most immediate results in terms of savings. Much of our oversea excess property is required to be sold and reduced to scrap because of import or other restrictions in the countries of disposal. Also, because of the overall stock management problems involved, the military services overseas must necessarily limit the time they can hold excess items before selling. Therefore, under this authority and with the \$5 million made available, the AID agency can afford to take title and hold valuable construction and other equipment for more extended periods of time until a program requirement develops.

It is not intended, however, that the AID agency make wholesale acquisitions abroad. Items selected should be reasonably justifiable on the basis of anticipated needs for country programs in the process of development. The committee also believes that the AID agency should make necessary arrangements on a reimbursable basis to take maximum advantage of existing military facilities and services abroad, including the contracting and procurement organizations and rebuild shops and storage areas.

*Limitations on use of domestic excess property.*—Subsection (b) is designed to prevent the excessive acquisition by the AID agency of domestic excess property which might materially interfere with the donable property program for State education, public health, and civil defense purposes. This program has been tremendously successful over the years, giving immeasurable assistance to the eligible recipients. During fiscal year 1961 an estimated \$400 million was donated through this program to States having properly justified requirements.

This subsection allows the AID agency to acquire without restriction \$35 million in total original acquisition cost of domestic excess property in any one fiscal year. Any acquisition in excess of this ceiling, not intended solely for the use of a U.S. agency, must first be screened to determine that the item is not needed for the donable property program. The committee believes the ceiling imposed is sufficiently high to prevent undue restrictions on the AID agency while at the same time it protects the donable property program from any material interference. The subsection does not limit the use by the AID agency of domestic excess property not needed in the donable property program or of foreign excess property in general.



*Section 609. Transfer between accounts*

Section 609 is identical in purpose to section 501 of the present law, with only minor changes in phrasing for reasons of clarity.

This section authorizes, upon a Presidential determination as to its necessity, up to 10 percent of any of the funds made available for any purpose to be transferred to and consolidated with funds made available for any other purpose, provided this does not increase the latter funds by more than 20 percent.

"Funds made available" include any unexpended balances from the previous fiscal year which are carried over and are available for obligation.

The word "for" has been substituted for "pursuant to" in the phrase "funds made available pursuant to any provision of this Act", since the intent of the law is to designate funds according to the purposes for which they are available at the time of the proposed transfer regardless of their original source.

An exception to the authority contained in section 609 is section 201 of this act, which prohibits, under the authority of this section, the decrease by transfer of funds made available for development loans.

*Section 610. Completion of plans and cost estimates*

The purpose of section 610 is identical to section 517 of the existing law, although the language has been rearranged into four subsections instead of two and, in addition to changes for reasons of conformity, two more significant changes have been made in subsections (a) (2) and (c).

This section provides that certain requirements must be met before funds in excess of \$100,000 can be obligated by agreement or grant for development loans, development grants, or supporting assistance.

Subsection (a) requires, first, completion of engineering, financial, and other necessary plans, together with a reasonably firm cost estimate and, second, reasonable anticipation of completion by the recipient country of any legislative action which may be required by the agreement or grant.

Section 517 of the existing law requires that completion of any necessary legislative action by the recipient must reasonably be anticipated "within 1 year from the date the agreement or grant is made." Section 610 of the bill changes this so as to require the reasonable anticipation of completion "in time to permit the orderly accomplishment of the purposes of such agreement or grant." The reason for this change is the expectation of longer term legislative programs, involving tax or land reforms, which it is believed should be encouraged under the new language.

Subsection (b) requires that plans for water or related land resource construction projects or programs include insofar as practicable a computation of benefits in accordance with procedures specified in the Bureau of the Budget Circular A-47. This circular establishes standards and criteria used in determining the feasibility of similar domestic programs and projects. (This subsection is identical to subsection (b) of sec. 517 of the present law, except for a conforming change.)

Subsection (c) requires that contracts for construction outside the United States must be made on a competitive basis to the maximum extent practicable. The present law excepts from this requirement

Development Loan Fund agreements. The new language does not make any exceptions so that development loans, as well as development grants and supporting assistance, are all subject to this requirement under the new provisions.

Subsection (d) exempts assistance for the sole purpose of preparing engineering, financial, and other plans from the requirements of subsection (a) and is identical to a sentence in section 517(a) of the existing law.

*Section 611. Use of foreign currencies*

The United States has accumulated foreign currencies over the years, and will continue to do so, in connection with some parts of its foreign assistance programs. Section 611 contains provisions for the use of foreign currencies derived from nonmilitary assistance made available under this part, the former Mutual Security Act, or any act repealed thereby. It provides that, except as otherwise provided in this act or other acts, foreign currencies (1) received as a result of nonmilitary assistance furnished under the former Mutual Security Act or any act repealed thereby and unobligated prior to the effective date of this act, (2) received on or after the effective date of this act as a result of nonmilitary assistance furnished under the former Mutual Security Act or any act repealed thereby, or (3) received as a result of assistance furnished under part I (nonmilitary), the Act for International Development, may be sold by the Treasury to U.S. Government agencies for payment of obligations abroad, with dollar reimbursements therefor deposited into miscellaneous receipts of the Treasury.

The principal exceptions to this provision are section 222(d) of this bill, which provides that funds derived from the sales of foreign currencies may be used to discharge investment guaranty liabilities; section 402 of the Mutual Security Act, which includes a provision for the sale of surplus agricultural commodities for foreign currencies which, in turn, can be used for the purposes of the former Mutual Security Act, with emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended; section 502 (a) of the former Mutual Security Act providing for the use of foreign currency proceeds from the sales of surplus agricultural products made under section 550 of the former Mutual Security Act of 1951, as amended; and section 502 (b) of the former Mutual Security Act making foreign currencies available to Members and committees of Congress for official travel expenses.

Section 611 also provides that foreign currencies in excess of U.S. Government requirements, as determined by the President, may be used for assistance under part I of the act (nonmilitary) in such amounts as may be specified from time to time in appropriation acts. Section 505(b) of the Mutual Security Act authorizes the use of excess foreign currencies for Development Loan Fund purposes. Part I of this act includes not only development loans but also development grants, atoms for peace, American schools and hospitals abroad, ocean freight charges, investment guaranties, investment surveys, development research, international organizations and programs, supporting assistance, and the contingency fund.

Section 611 differs in other significant ways from the provisions of the current law for the use of foreign currencies (sec. 505).

This section does not give a priority, as does the present law (sec. 505(b)) to the use of foreign currencies for educational activities in



accordance with the provisions of section 32(b)(2) of the Surplus Property Act of 1944, as amended. Section 611 provides simply that the foreign currencies may be sold to U.S. Government agencies for payment of obligations abroad, which would include the U.S. Government agency administering section 32(b)(2) of the Surplus Property Act and the obligations incurred thereunder.

All of section 611 pertains to foreign currencies derived from and made available for nonmilitary assistance; section 508 of the bill provides for the use of the foreign currencies derived from and made available for military assistance. Section 505 of the Mutual Security Act covered both military and nonmilitary generation and use of local currencies.

### *Section 612. Special authorities*

Subsection (a) provides that the President may authorize in each fiscal year the use of funds made available under this bill and the furnishing of assistance under section 510 of this bill both in an amount not to exceed \$250 million, and the use of not to exceed \$100 million of foreign currencies accruing under this act or any other law, without regard to the requirements of the following laws, when such authorization is in furtherance of any of the purposes of such laws, including Public Law 480, and the President determines that it is important to the security of the United States:

1. This bill and amendments thereto.
2. Any acts appropriating funds for the purposes of this act, including interim or temporary appropriations as well as regular appropriation acts and amendments thereto.
3. Any law relating to receipts and credits accruing to the United States and amendments thereto.
4. Mutual Defense Assistance Control Act of 1951, and amendments thereto.

The amount of money which may be allocated to any one country under this authority is limited to \$50 million. This requirement prohibits the use of funds to furnish assistance, pursuant to Presidential waiver, directly to any country of a value exceeding \$50 million in any fiscal year. The committee also believes this limit should apply to international organizations.

The authorization to use foreign currencies accruing under this act or any other law, not to exceed the equivalent of \$100 million, is not only intended to permit drawing on foreign currencies to that amount to meet emergencies as they may arise. The purpose is, primarily, to make possible the use of such currencies for humanitarian purposes in countries where substantial amounts of foreign currencies have been or are being deposited for U.S. use. The object is to permit the initiation of projects which will contribute directly and immediately to alleviating the living and working conditions of the people.

It is anticipated that this authority will not be used to finance grandiose or long-term projects.

It is hoped that utilizing foreign currencies not required for the more usual development programs carried out under the Act for International Development would encourage people opposed to communism to continue their struggle and would give to the discontented in less-developed countries an alternative to the promises of Communist propaganda.

Assistance under section 510, referred to above, is the new authority given to the President in this bill to order defense articles from Department of Defense stocks and defense services for military assistance purposes, in the maximum amount of \$400 million in any fiscal year, if he determines that it is vital to the security of the United States, subject to subsequent reimbursement from subsequent appropriations for military assistance.

In section 451 of the existing law the Mutual Defense Assistance Control Act of 1951, and amendments thereto, is not included by name but is covered by the following language: "or any other Act for which funds are authorized by this Act." Section 613, therefore, is more specific as to the laws whose requirements may be waived.

Section 201(b) of this act prohibits the use of the authority of section 612 to waive the requirements of title I (development loans).

This bill makes available for use under the provisions of section 612 \$250 million of the funds authorized for use under this act. The present law (sec. 451) provides for such use \$150 million of any funds authorized under the Mutual Security Act and, in addition, \$100 million of the \$150 million authorized to be appropriated for the contingency fund. In this bill there is a separate provision for the contingency fund (sec. 451).

In addition, the former Mutual Security Act (sec. 451) provides for certain types of assistance to escapees or selected persons from Communist-dominated or occupied areas and proclaims the hope that such captive peoples shall again enjoy freedom. The provisions concerning escapees and captive peoples are not retained in this bill because they are covered in H.R. 8291 pending before the House Judiciary Committee.

Subsection (b) of section 612 gives the President special authority to use supporting assistance funds (\$481 million authorized in sec. 402 to promote economic or political stability) to meet U.S. responsibilities and objectives in Germany, including West Berlin, without regard to any provisions of law which he determines should be disregarded because it is important to the national interest. The intent of the provisions of this subsection is identical to section 403 of the former Mutual Security Act. The latter, however, limited the amount of special assistance funds which could be used for this purpose to not to exceed \$7,750,000 and authorized, in addition, the use of currency deposited in the GARIOA (Government and Relief in Occupied Areas) special account.

Subsection (c), although reworded for purposes of clarity, is identical in intent to a sentence of section 451(a) of the former Mutual Security Act. It authorizes the President to use amounts, not to exceed an aggregate of \$50 million of the funds made available under this act upon certification by him that it is inadvisable to specify the nature of such use, and such certification is to be a sufficient voucher for such amounts.

#### *Section 613. Contract authority*

Section 613, except for the substitution of the preposition "of" for "in", is identical to section 515 of the former Mutual Security Act. It authorizes the granting in any appropriation act of authority to enter into contracts, within the amounts authorized in this act and for the purposes set forth herein, thereby creating obligations in advance of the appropriation of funds authorized in this act.



*Section 614. Availability of funds*

Section 614 is identical in purpose to section 507 of the former Mutual Security Act. It provides that, except as otherwise provided in the bill, funds shall be available to carry out the provisions of the bill as authorized and appropriated to the President each fiscal year. It insures that other provisions of the bill shall not be considered to be continuing authorizations of appropriations, but that authorizations must be requested for new money when needed. The opening clause is intended to make clear that this section does not affect, for example, the authority in section 202(a) of the act to obtain funds other than through appropriations, the 2-year authorization of appropriations for military assistance in section 504 of the bill or the continued availability of no-year funds under this bill.

Section 507 of the former Mutual Security Act specifically excepts sections 414 and 416 of that act from its provisions, making them permanent authorizations. Section 416, providing for the facilitation and encouragement of travel, is repealed by this act. Section 414 of the existing law gives the President authority to control munitions and is not repealed by this act. Funds for its activities are included in the Department of State appropriations. Since it is not a section of this act, it is not here excepted.

*Section 615. Coordination with other free nations and Organization of American States*

The purpose of this section is to require that the President provide for the coordination of assistance under this act with the various programs of assistance being carried out by other free countries and international organizations including the Organization of American States.

The United States furnishes extensive economic assistance directly to other countries as well as through organizations of countries. Additionally, programs of assistance are also being conducted by other free countries of the world in underdeveloped areas. To the extent that these assistance efforts are duplications they may be self-defeating. For example, in Latin America extensive studies relating to regional and individual country requirements are carried out by the United Nations, the Organization of American States, and the International Cooperation Administration.

The committee is concerned that inadequate coordination may exist in these multiple assistance efforts resulting in a dissipation of U.S. resources and other free world efforts. It is hoped that every possible means for fuller coordination of assistance programs will be pursued.

*Section 616. Termination of assistance*

Section 616 provides for the termination of any assistance under this bill by a concurrent resolution, unless sooner terminated by the President, and continues the availability of funds under the act for not more than 12 months from the termination date to cover the expenses of winding up the programs.

The President's power to terminate assistance is inherent in his power to furnish assistance.

The termination provisions in this bill make funds available for the winding up of programs. The term "winding up" is intended to include the time needed to finish up programs which are near completion and which it is in the interest of the United States to complete. The existing terminology provides for "liquidating" the assistance programs. This was changed to "winding up" in this bill, which is

intended to express more clearly the intent of the law that when appropriate, certain programs may be completed rather than to require their immediate cessation.

Certain specified conditions, contained in existing law under which assistance is to be terminated if determined by the President to exist, are omitted, as is a requirement that for the fiscal year 1961 the President recommend plans for the progressive reduction or termination of grants for defense support or special assistance. The Executive has indicated its intention to do whatever it can to reduce progressively the programs for supporting assistance, which includes assistance formerly designated as defense support and special assistance.

*Section 617. Assistance to Cuba*

Singling out Cuba as ineligible to participate in the foreign assistance program might be construed as corollary to the provisions of section 618. Nevertheless, the committee is keenly conscious of its responsibility in recommending the appropriation of funds of American taxpayers and wishes to insure their expenditure only for the purposes that will promote our foreign policy objectives in a manner consistent with the national and hemispheric interest. The provisions of this section should in no way be interpreted as indicative of a lessening of our traditional friendship for the people of Cuba. The United States has kept its doors open to the Cuban people, including the thousands of refugees who have left Cuba because they could not exercise their human and political rights. The American people have been generous in helping these people, so long their neighbors, in every way that they could.

A question has been raised about U.S. contributions to the United Nations Special Fund which recently approved a project for Cuba. In this connection, the State Department was asked for an interpretation of a provision in the Mutual Security Act of 1961 identical to section 617. Their reply was that this provision applied to assistance furnished directly by the United States to Cuba but not to assistance furnished indirectly through an international organization.

The project which the Special Fund approved involved the expansion of an agricultural research program in Cuba in the aggregate of \$1,100,000 over a 5-year period. The U.S. contribution to this fund together with UNTA is limited by law to 40 percent. The Special Fund is governed by delegates from 18 nations, of which the United States is one. The charter of the Special Fund states that it is a non-political institution and that it shall not attach political conditions to aid or intervene in the domestic affairs of a country, so that the United States was foreclosed from objecting on political grounds. However, there were sound objections on economic grounds, which the U.S. delegate vigorously presented. He was supported by several other delegates in indicating the need for careful consideration of the objections raised. The effect of the U.S. position was to gain assurance that the project would receive further careful study. (See hearings, pp. 1318, 1319.)

*Section 618. Prohibition against furnishing assistance to certain countries*

This section makes clear that the purposes of this bill and the programs carried out under it are directed toward strengthening countries and areas that are not dominated or controlled by the international Communist movement.



## CHAPTER 2—ADMINISTRATIVE PROVISIONS

This chapter authorizes a major reorganization in the administration of the aid program. It provides for the establishment of the Agency for International Development which will combine under the direction of a single Administrator the present Washington and field operations of the International Cooperation Administration, the Development Loan Fund, the food-for-peace program in its relations with other countries, the local currency lending activities of the Export-Import Bank, and the related staff and program services now provided by the Department of State and the International Cooperation Administration.

### *Section 621. Exercise of functions*

Since the President personally cannot exercise all of the functions vested in him by the bill, the language of subsection (a) permits him to exercise them through any agency or officer of the United States. It provides further that the head of any such agency or such officer may make rules and regulations and may delegate any of his authority, including, if he shall so specify, the authority successively to redelegate such authority to his subordinates.

Subsection (b) is necessary to make possible an orderly transition from the present organizational structure to the new agency created to carry out the Act for International Development. Section 642 of the bill includes the repeal of those sections of the Mutual Security Act authorizing the creation of or creating the International Cooperation Administration (ICA), the Development Loan Fund (DLF) and the Office of the Inspector General and Comptroller (JGC). This subsection continues in existence these agencies and offices for 60 days after the effective date of the proposed act unless sooner abolished by the President. This will prevent a gap in the operation of the aid program by permitting time to complete preparations for the establishment of the new AID agency and the transfer of functions to it.

Subsection (c) states that on the date of the abolition of the DLF the President is required to select an officer or head of an agency carrying out the AID to whom shall be transferred all of DLF's assets, obligations and liabilities except those not otherwise disposed of in the bill. The President shall also select that officer or head of agency as the person to be sued in the event of any default in an obligation of the DLF. As a corporation the DLF is suable as an entity; upon the demise of a corporation it is necessary that a successor be named for purposes of suits. The subsection also requires the President to transfer to that officer or head of agency the personnel, property, and records of the DLF.

Subsection (d) provides for the transfer by the President to an officer or head of an agency carrying out the AID program all, property and personnel of ICA.

Subsection (e) provides for a similar transfer of those portions of the Export-Import Bank's assets, obligations, and liabilities related to the loans made by the Bank under section 104(e) of Public Law 480 known as the Cooley loans. Under the latter authority up to 25 percent of the foreign currencies received in sales of surplus agri-

cultural commodities have been made available for loans to private business. Such loans have been administered by the Export-Import Bank. Section 704 of this bill provides that the loans will be made by such agency as the President may direct instead of by the Export-Import Bank. The language of this subsection complements the language of section 704.

*Section 622. Statutory officers*

Subsection (a) authorizes the appointment by the President, subject to confirmation by the Senate, of the top 12 policymaking officials of the new agency. The head of the agency will have the status of an Under Secretary. In addition, two officials will have the rank of Deputy Under Secretary and nine will have the rank of Assistant Secretary. The authority in this subsection is similar to that currently available under Reorganization Plan No. 7 and section 205(b). These eight officials included in the latter two provisions are also subject to Senate confirmation. In total, the bill provides for 16 statutory positions, 13 of which require Senate confirmation. Under the existing Mutual Security Act, there are 15 statutory positions at somewhat smaller salaries; 8 of these require Senate confirmation.

Subsection (b) authorizes the President, within the limits of subsection (a), to set the rate of compensation at any rate up to that authorized in paragraph (1), (2), or (3) of that subsection. It also provides that the President may determine the order of succession among the officers appointed pursuant to subsection (a), in the event of absence, death, resignation, or disability of any such officer.

Subsection (c) makes clear that only those officials holding statutory positions requiring Senate confirmation pursuant to Reorganization Plan No. 7 and the Mutual Security Act on the date of the abolition of the agencies concerned may be appointed to one of the new statutory positions without further Senate action.

Subsection (d) is similar to authority made available in section 621(b) of the bill. It preserves for a period of 60 days, unless sooner abolished by the President, all existing statutory positions, and the incumbents of such positions, authorized pursuant to Reorganization Plan No. 7, and sections 205(b) (Development Loan Fund) and 553A (Inspector General and Comptroller) of the former Mutual Security Act, as well as the excepted positions in agencies administering non-military assistance authorized pursuant to section 527(b) of the former Mutual Security Act.

INSPECTOR GENERAL, FOREIGN ASSISTANCE

Subsection (e) provides for an Inspector General, Foreign Assistance, reporting directly to the Secretary of State, with necessary staff to review the operation of U.S. foreign assistance programs, including, in addition to those programs authorized in this bill, the Peace Corps and those operations authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480) which are the responsibility of the Secretary of State. Although the basic purpose of the new Inspector General, Foreign Assistance, is similar to that of the Inspector General and Comptroller established under the former Mutual Security Act, the responsibilities and functions of the new Inspector General have been modified.

The creation of the Inspector General, Foreign Assistance, is not intended to reduce the necessity for congressional investigation and control of the foreign assistance program. The function of the



Inspector General is to perform for the Secretary of State with respect to foreign assistance operations services somewhat analogous to those performed by internal auditors for the head of a large business organization.

The Secretary of State is no less interested in assuring the effectiveness of foreign assistance operations as well as eliminating waste, inefficiency, and improper conduct on the part of his subordinates than is the Congress. One of the major problems which has always confronted the Secretary of State in connection with the foreign aid program has been that information as to the shortcomings has not penetrated to him until too late for proper preventive or remedial action.

The organization and the authority provided under the authority of this subsection should overcome two major obstacles inherent in any large governmental operation: One, the deliberate or implicit suppression by officials of unfavorable information which would reflect to their disadvantage on their capability and performance; the other, the reluctance of administrators and budgetmakers to allocate sufficient money and personnel to provide an organization big enough and with sufficient competence to keep track of what is going on throughout the world.

This subsection, by giving the Inspector General, Foreign Assistance, direct access to the Secretary of State assures that officials responsible for operation of the program cannot prevent the observations and recommendations of the Inspector General from reaching the top. The salaries authorized and the authority to select personnel should assure a competent and independent staff.

Care has been taken to prevent the Inspector General, Foreign Assistance, and his organization from being dependent on the administrative budget of any of the agencies under his jurisdiction. He is authorized to draw, within a limit of \$2 million a year, on any funds made available under this act or provided in any legislation for the Peace Corps to cover his expenses. The committee recognizes the inherent conflict of interest between those administering programs and the Inspector General, Foreign Assistance, and believes that this method of financing is essential to prevent the curtailment of the Inspector General's travel funds or other operations to the detriment of his effectiveness.

The Inspector General, Foreign Assistance, is assigned responsibilities for the review and evaluation of those aspects of the military assistance program which fall within the responsibility of the Secretary of State and the chiefs of U.S. missions, as well as those aspects of the Agricultural Trade Development and Assistance Act of 1954, as amended, for which the Secretary of State and the chiefs of U.S. missions are responsible. It is not likely that precise lines of demarcation between the authority of the State Department and the Defense Department, or between the Department of Agriculture and the Department of State, can ever be drawn.

There may, as a consequence, be disagreement from time to time as to the functions to be performed by the Inspector General, Foreign Assistance. It would be a mistake, however, in order to avoid the possibility of an occasional disagreement, to permit important phases of operations of both military assistance and Public Law 480 programs to escape inspection and evaluation.

The Inspector General, Foreign Assistance, cannot accomplish what is expected of him without the full cooperation of the executive departments and agencies. In an effort to counteract whatever tendency may exist to cover up deficiencies, provision is made that the Inspector General shall have access to records, audits, and other documents of the agencies subject to his review, and all U.S. Government agencies are directed to facilitate his work.

It is not intended that the Inspector General have responsibility for carrying on routine audits or other control operations. It is expected that the operating agencies will carry out their own investigation, auditing and evaluation activities. His function is to be to seek out waste, inefficiency, and misconduct, to test procedures, check performance, and evaluate results. He will have access to the audits, reports, and the records of those having operating responsibility rather than perform such services.

The Inspector General, Foreign Assistance, is given authority to suspend all or any part of any project or operation with respect to which he has conducted or is conducting an investigation. Such suspension is to remain in effect until terminated by either the Inspector General or the Secretary of State. The terms "project or operation" are not intended to include an entire program in a country. They apply instead to segments or phases of country programs, including such things as construction projects, award of contracts, the operation of a regional office or the financing of particular types of activity.

The committee is convinced that an Inspector General, Foreign Assistance, capable of fulfilling the responsibilities assigned to him under this subsection, will use his power to suspend infrequently, perhaps not at all. Nevertheless, one of the major defects in past administrations was that shortcomings reported by auditors and others at lower levels never received attention from officials at a high enough level to insist on effective remedial action. The authority to suspend will assure that when the Inspector General, Foreign Assistance, finds something wrong, together with a reluctance on the part of those with direct responsibility to correct it, his report will not lie on the desk of the Secretary of State, or more probably on the desk of someone farther down the line, for days or weeks while a bad situation deteriorates or becomes irreparable.

The authority to suspend in no way impairs the responsibility or the authority of the Secretary of State. The Secretary, after considering the facts, is free to terminate the suspension. His judgment is final. On the other hand, the authority to suspend gives the Secretary assurance that when something wrong is discovered, the report will be called to his attention.

A ceiling on annual expenditures of \$2 million is established. It is not based on an estimate of anticipated expenditures which, it is believed, can be made only after the new Inspector General, Foreign Assistance, takes office and plans his operations. The amount authorized is high enough so that his operations as they get underway should not be impeded for lack of funds while being low enough to give assurance that he will not take on routine operating functions properly belonging to the controllers of the agencies.

Secret expenditures not to exceed \$2,000 per year are authorized. It is evident that it is difficult for Americans under certain circum-



stances to obtain information in foreign countries. The problem is accentuated when persons may be trying to hide facts or mislead the investigator. Under the circumstances, it is believed that the ability to make extraordinary expenditures in limited amounts is essential to the effectiveness of the work of the Inspector General, Foreign Assistance.

*Section 623. Employment of personnel*

Subsection (a) provides, as does section 527(a) of the former Mutual Security Act, the basic authority for the employment of such personnel as the President deems necessary to carry out the functions authorized by this bill.

Subsection (b) authorizes the employment within the United States of individuals in excepted positions including supergrade positions for the purpose of administering the economic part of the program and to coordinate the economic and military assistance programs. For this purpose it is provided that not more than 85 persons may be appointed, compensated, or removed without regard to the provisions of any law. Not more than 55 of the 85 may be paid more than the salary provided for a GS-15 (\$15,030 a year). Ten of the fifty-five may receive up to \$19,000 a year. A proviso permits the grant of reinstatement rights to persons appointed to these excepted positions from regular civil service or Foreign Service positions.

Subsection (c) authorizes not more than eight supergrade positions to carry out the military assistance program. Of the eight above grade GS-15, not more than three may receive a maximum annual salary of \$19,000.

The bill thus authorizes the employment within the United States of 63 individuals at rates higher than that for GS-15. Of this number 13 may receive up to \$19,000. The former Mutual Security Act contains comparable authority for the employment of 45 individuals above GS-15 of whom 15 may receive up to \$19,000. Under the bill those occupying the excepted positions for the purpose of administering the economic part of the program and of coordinating the economic and military programs may not only be compensated but may also be appointed or removed "without regard to the provisions of any law." In the case of those occupying the excepted positions for administering the military program the authority is limited to setting the rate of compensation and does not extend to appointment or removal.

Subsection (d) covers personnel employed to administer the aid program outside the United States. Paragraph (1) authorizes the employment or assignment of personnel and the employment or assignment of personnel by other agencies to perform functions abroad. It also continues current authority to compensate such personnel in accordance with salary schedules based on rates of pay authorized for Foreign Service Reserve and Foreign Service Staff under the Foreign Service Act including the grant of allowances and benefits established thereunder. Persons assigned from other Government agencies under these provisions are given reinstatement rights, except as may be specified otherwise by the President in cases where assignments extend beyond 30 months. Personnel employed to serve abroad under this paragraph also come under the provisions of section 1005 of the Foreign Service Act which prohibits political tests and discrimination on account of race, creed or color. Policymaking officials

are specifically exempt from the prohibition on political tests. The provisions of this paragraph are similar to those in existing law.

Paragraph (2) authorizes the President to utilize the authority of the Foreign Service Act including the authority to appoint and assign personnel for the duration of the operations under the bill. It makes applicable to such personnel those provisions of the Foreign Service Act which the President deems appropriate. It also provides statutory reinstatement rights to both Foreign Service Reserve and Staff personnel employed pursuant to the provisions of this paragraph except as the President may specify in cases of employment or assignment for more than 30 months. Provision is also made for within class salary increases for Foreign Service Reserve personnel on the same basis as is presently authorized for the Foreign Service Staff under the Foreign Service Act.

The Foreign Service Act of 1946 provided for the establishment of the Foreign Service Reserve category in order that individuals with special skills and competence could serve abroad for short periods of time to fill specific needs of the Government. Although the Foreign Service Reserve under the bill may be appointed "for the duration of operations under this act," it should be noted that they are employed for service outside the United States.

Subsection (e) is similar to authority relating to selection-out applicable to Foreign Service officers under the Foreign Service Act. It authorizes the President to establish standards and other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the former Mutual Security Act. Notwithstanding the provisions of any other law, it authorizes the separation of employees who fail to meet those standards. Provision is made for severance benefits at the rate of 1 month's salary for each year of service up to a maximum of a year's salary. The committee understands that the phrase "other criteria" relates only to the performance of the individual and the conduct of himself and his dependents. The bill incorporates the provisions of section 1005 of the Foreign Service Act making applicable to this subsection a prohibition of political tests and of discrimination on account of race, creed, or color.

Subsection (f) is new. The Comptroller General has ruled that obligations for the services of U.S. Government personnel may be incurred only on a month-to-month basis, and accordingly that a project agreement which otherwise constitutes an obligation does not constitute an obligation for the purpose of providing for the services of U.S. Government personnel. This subsection is designed to overcome this problem, so that a project agreement may properly obligate funds for the services of technicians employed by the U.S. Government as well as the services of technicians employed by contract. The authority in this subsection is needed because at the time a project agreement is entered into it is not always possible to predict precisely the extent to which technical services for the project can best be obtained from U.S. Government agencies, such as the Bureau of Public Roads, or from private contractors. The absence of such authority has resulted in resort to recruitment of personnel by contract in situations where employment of U.S. Government personnel would have been more advantageous.



*Section 624. Experts, consultants, and retired officers*

Subsection (a) is similar to sections 530(a) and 532(a) of the former Mutual Security Act. It authorizes the employment of individual experts and consultants in accordance with section 15 of the Administrative Expenses Act of 1946. Such individuals may be compensated at a rate not to exceed \$75 per day. It also provides that they may receive travel expenses and per diem at the rate provided in the Standardized Government Travel Relations. Organizations of experts and consultants may also be employed. It also authorizes the following to be renewed annually: contracts with organizations of experts and consultants; employment of not more than 10 individuals as experts and consultants; contracts with retired military personnel with specialized research and development experience, not to exceed 10; and contracts with retired military personnel with specialized politico-military experience, not to exceed 5.

Subsection (b), drawn from section 532(a) of the former Mutual Security Act, continues the exemption to experts and consultants employed under subsection (a) from certain conflicts-of-interest laws governing reemployment of retired officers or employees of the Government and the simultaneous receipt of compensation and retired pay or annuities.

Subsection (c) is similar to section 532(b) of the former Mutual Security Act. It permits the appointment of retired officers as regular employees, but does not waive provisions concerning the receipt of compensation and retired pay.

Subsection (d) of this section is identical to section 530(b) of existing law. It authorizes the employment, without compensation, of persons of outstanding experience and ability for the performance of the functions of the bill in accordance with section 710(b) of the Defense Production Act of 1950 and regulations thereunder.

*Section 625. Detail of personnel to foreign governments*

This section is similar to section 528(a) of the former Mutual Security Act. It authorizes the head of any agency of the U.S. Government, whenever the President determines it to be in furtherance of the purposes of the bill, to detail or assign any officer or employee of his agency to any office or position with foreign governments. The section prohibits such an officer or employee from accepting compensation or other benefits from the foreign government or from taking an oath of allegiance to such government.

*Section 626. Detail of personnel to international organizations*

This section is derived from section 529(a) of the former Mutual Security Act. It authorizes the head of any U.S. Government agency to make available the services of personnel of his agency to any international organization or to serve with, or as a member of, the international staff of such an organization or to render advice or service to or cooperate with such organization. Such detail will be made whenever the President determines it to be in furtherance of the purposes of the bill.

*Section 627. Status of personnel detailed*

This section is derived from sections 528(b) and 529(b) of the former Mutual Security Act. Subsection (a) provides that an individual detailed or assigned under section 625 or 626 shall continue to be

considered an officer or employee of the agency from which he is detailed or assigned. His allowances, privileges, rights and seniority and other benefits will not be affected. His compensation, allowances and benefits shall be paid from funds appropriated to the agency from which he is assigned or detailed or from funds made available to that agency under the bill.

Subsection (b) authorizes the receipt of representation allowances by an individual detailed or assigned under sections 625, 626, or 629 of the bill under such regulations as the President may prescribe.

*Section 628. Terms of detail or assignment*

This section is drawn from section 529(c) of the former Mutual Security Act. It authorizes the detail of U.S. Government personnel under sections 625 and 626 of the bill or section 408 of the Mutual Security Act (North Atlantic Treaty Organization) to be either without reimbursement or with reimbursement to the U.S. Government or an advance of funds, property or services, or subject to a credit in favor of the United States for its contribution to the international organization. Reimbursement in dollars or local currency shall be credited to the appropriation, fund or account which has been utilized to pay the compensation, travel expenses, and allowances of the individual.

*Section 629. Missions and staffs abroad*

This section is substantially the same as section 526 of the former Mutual Security Act. Subsection (a) authorizes the President to maintain special missions or staffs, each headed by a chief, outside the United States in order to carry out the military or economic purposes of the bill. Subsection (b) provides that the chief and deputy chief of each mission or staff carrying out the purposes of the Act for International Development are appointed and removed at the President's discretion. The President also determines the compensation and allowances of chiefs of missions or of staffs.

*Section 630. Allocation and reimbursement among agencies*

Subsection (a) is substantially the same as section 522(a) of existing law. It permits the President to allocate any funds available under the bill to any U.S. Government agency and states that such funds may be used by such agency under its own regular authority or under authority contained in the bill.

Subsection (b) is derived from section 522(b) of existing law. It permits any officer carrying out functions under the bill to use the services and facilities of, or procure commodities and defense articles from, other U.S. Government agencies with the consent of such agencies or by direction of the President. It also provides that funds received in reimbursement may be established in separate appropriation accounts on the books of the Treasury.

Subsection (c) is substantially the same as section 522(d). It sets forth the manner in which reimbursement or payment is made to another U.S. Government agency furnishing commodities, facilities, or services to carry out the aid program.

Subsection (d) is taken from section 522(c) of existing law. It sets forth the provisions applicable to reimbursement in connection with the military assistance programs. It provides that except as otherwise provided in section 507 (sales) and section 510 (special



authority) of part II, when an agency furnishes military assistance it shall be reimbursed from military assistance funds for its expenses and for the value of what it furnishes. The reimbursement received is available for use by such agency on the same basis as the funds originally used.

Subsection (e) of this section is substantially identical to section 522(e) of existing law. It authorizes the basic procedures, including letters of commitment, generally used for financing procurement of commodities, defense articles, and services (including defense services) through commercial channels.

Subsection (f) is derived from section 505(b) of the former Mutual Security Act. It provides that credits made by the Export-Import Bank of Washington with funds allocated to it under subsection (a) of this section and section 522(a) of existing law are not to be considered within the financing limitation of \$7 billion contained in section 7 of the Export-Import Bank Act of 1945.

Subsection (g) of this section is derived in part from section 522(f) of the former Mutual Security Act. It is a bookkeeping provision, allowing an initial charging of expense against any appropriation under the AID (within the limits of available funds) so long as the expense is finally charged to the applicable appropriation, with a credit to the appropriation initially charged, by the termination of the same fiscal year. However, a second proviso, new in the bill, relieves the agency primarily responsible for administering the AID from such a yearend allocation in instances in which such an allocation of charges for expenses (other than those provided for administrative expenses in sec. 635) incurred in furnishing assistance would result in an accounting expense disproportionate to the advantages of the allocation. For example, it might be too unwieldy to require a technician who provides services mainly in connection with development grant projects to keep a record of the time he may spend giving advice in connection with supporting assistance projects so that his salary and expenses can be allocated to both of the categories.

#### *Section 631. Waivers of certain laws*

This section brings together waivers of law contained in sections 533 and 107 of existing law.

Subsection (a) continues in effect the existing authority contained in section 533 of the Mutual Security Act which permits the performance of functions without regard to certain laws. This provision provides the flexibility required in connection with the procurement and furnishing of foreign assistance. Executive Order 10784 spells out the laws which are waived under existing authority. The Renegotiation Act of 1951 is excepted.

Subsection (b) authorizes the performance of functions under the military part (pt. II) of this act without regard to such sections as the President may specify of the joint resolution of November 4, 1939, known as the Neutrality Act of 1939.

Subsection (c) permits the assignment or detail of Army and Air Force personnel to civil offices. This would allow an officer, for example, to assist an AID mission where there is no Military Assistance Advisory Group, or an Army engineer to serve on AID financed project surveys notwithstanding sections 3544(b) and 8544(b) of title 10, United States Code.

*Section 632. Reports and information*

Section 632 consolidates the several provisions of the former Mutual Security Act which require the Executive to furnish information and reports.

Subsection (a) is derived from section 534 of the former Mutual Security Act and requires the President, after the close of each fiscal year, to make a report to the Congress covering the operations in that fiscal year under the bill.

Subsection (b) is identical in intent to section 550 of the former Mutual Security Act and requires the President in reports under subsection (a) of this section and in response to questions from Members of Congress or inquiries from the public, to disclose all information concerning operations under the bill, except where he deems disclosure incompatible with the security of the United States.

Subsection (c) is comparable to section 101 (d) of the Mutual Security and Related Agencies Appropriation Act, 1961. It provides that no funds made available pursuant to this act may be used to carry out any provision of the act when (1) either a committee of the Congress or the General Accounting Office has made a written request to the head of the agency carrying out such provision for documents or other material relating to administration of the provision, and (2) 35 days have elapsed from the date the request was delivered without such documents or material being furnished, except upon certification by the President that he has forbidden the furnishing of such documents or material and gives his reason for so doing. Subsection (c) is broader in scope than the present law which covers only certain parts of the law, namely, all provisions relating to economic assistance.

Subsection (d) of this section is similar to section 513 of the former Mutual Security Act. It provides that semiannually, in January and July of each year, the President shall notify the appropriate committees of Congress of all actions taken during the preceding 6 months which resulted in furnishing assistance of a kind, for a purpose, or to an area substantially different from that included in the presentation to the Congress, or which resulted in obligations or reservations greater by 50 percent or more than the proposed obligations or reservations included in such presentation to the Congress. This subsection also provides that the President shall promptly notify them of any determination made under sections 303 (Indus Basin development), 609 (transfer between accounts), 612(a) (President's waiver authority), and 612(b) (special authority for Germany) of the bill.

Subsection (e) is a general provision that upon request, a Government agency shall furnish materials requested to the General Accounting Office or any committee of Congress or duly authorized subcommittee thereof having jurisdiction of legislation or appropriations for, or expenditures of, such agency. Somewhat comparable language is now in the law in sections concerning defense support (sec. 131(a)), the Inspector General and Comptroller (sec. 533A(d)), and the general and administrative provisions (sec. 534(b)).

Prior to the Mutual Security Act of 1960, section 531 of the former Mutual Security Act established special loyalty requirements for personnel connected with the economic aid program. Section 513 of the latter act required the filing with the Congress of copies of any certification as to loyalty under section 531. With the amendment in



1960 of section 531, applying the provisions of Executive Order 10450 to AID personnel, this requirement of section 513 became inoperative.

*Section 633. General authorities*

Subsection (a) is based upon the first sentence of subsection 505(a) of the former Mutual Security Act and provides a general statement of the terms upon which assistance under the bill may be furnished, but makes clear that this general authority to furnish assistance on a grant or loan basis or on any other terms deemed suitable to achieve purposes of the bill (including financing export of goods in return for foreign currencies, commodities, or services) is subject to explicit provisions in the bill, such as those relating to development lending, which limit the terms on which assistance may be provided. Section 505(a) of the former Mutual Security Act included in the term "repayment," "repayment in foreign currencies or by transfer to the United States Government of materials required for stockpiling or other purposes" whereas this subsection includes "repayment in foreign currencies or by transfer to the United States Government of commodities." Also, this bill does not contain the clause "and shall emphasize loans rather than grants wherever possible" which is in the existing law.

Subsection (b) is derived from sections 205(c) (development loan fund), 307(a) (technical cooperation) and 535(a) (international organizations) of the Mutual Security Act. It authorizes the President, except as otherwise specifically provided in the bill, to make loans, advances and grants to, and make and perform agreements and contracts or enter into other transactions with, any person or body of persons, or any governmental or international body in furtherance of the purposes and within the limitations of the bill.

Subsection (c) is new and urges the use of the services and facilities of voluntary nonprofit organizations to the maximum extent practicable. Such organizations must be registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

Subsection (d) authorizes the President to accept and use any kind of property or services donated for use in furtherance of the purposes of the bill. A similar provision in section 205(c) of the former Mutual Security Act authorized the use of such donations for the Development Loan Fund only.

Subsection (e) is similar to section 537(b) of the existing law and authorizes any U.S. Government agency to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for purposes of participation in the program. The existing law especially mentions "foreign participants in any exchange of persons program." This reference is not made in subsection (e).

Subsection (f) is new in that it provides specific authority in the bill governing the admission of foreign participants into the United States.

Section 201(a) of the U.S. Information and Educational Exchange Act of 1948 grants similar authority for participants in programs under that act. It provides that foreign participants in any program of furnishing technical information and assistance under the bill may, if otherwise qualified, be admitted as nonimmigrants under the Immigration and Nationality Act in accordance with regulations promulgated by the Secretary of State and the Attorney General.

Subsection (g) is derived in part from section 205(c) (Development Loan Fund) of the former Mutual Security Act, with conforming changes. Paragraphs (1) through (4) authorize the President, in making loans under the bill, to exercise powers and authorities of a type normally made available for business-type operations conducted by corporate or other agencies of the U.S. Government. Paragraph (5) of this subsection is similar to section 204(c) of the former Mutual Security Act prior to the 1958 investiture of corporate status in the Development Loan Fund. It applies to lending functions the auditing procedures applied to U.S. Government corporations by the Government Corporation Control Act.

Subsection (h) provides that a contract or agreement involving the expenditure of funds made available under title II (development grants) and title V (development research) of chapter 2 of the Act for International Development and under the International Peace and Security Act may, subject to any future action of Congress, extend at any time for not more than 5 years. This subsection is derived from the final sentence of section 307(a) (technical cooperation) of the former Mutual Security Act and enlarges the 3-year time limit set therein.

Subsection (i) is new. It provides that claims arising as a result of operations under the bill may be settled and disputes arising as a result of such operations may be arbitrated, on terms and conditions determined by the President.

Subsection (j) is identical, except for conforming changes, to section 202(b) of the former Mutual Security Act. It exempts private businessmen participating in operations or transactions under the bill from the legal prohibition (18 U.S.C. 955) on private loans to a foreign government or governmental unit in default in the payments on its obligations to the U.S. Government.

#### *Section 634. Provisions on uses of funds*

The purpose of this section is to provide basic legislative authority of an administrative nature for particular purposes which are considered necessary and important in the use of funds for the purposes of the AID and of other funds made available to the AID agency. While, as a general matter, funds may be used for any necessary expenses of carrying out the programs for which the funds are made available, several of the provisions in this section are included because of special statutes or Comptroller General rulings which require, or may require, express statutory authorizations to use funds for these particular types of expenses.

The provisions in subsection (a) apply to appropriations for the purposes of or pursuant to the bill (except for pt. II), to allocations to any U.S. Government agency, from other appropriations, for functions directly related to the purposes of the bill, and to funds made available for other purposes to any agency primarily responsible for administering the AID. The provisions in this section were taken for the most part from section 537(a) of existing law.

Paragraph (1) is based on language contained in section 537(a)(1) of the former Mutual Security Act. It permits funds to be used for payment of rents in the United States, including the District of Columbia. It also permits the repair, alteration, and improvement of such leased properties. Authority to pay rent for space in buildings



outside the District of Columbia would permit the agency to acquire needed warehouse or storage space in connection with the procurement of supplies, such as excess property, prior to shipment of such supplies overseas.

Paragraph (2) is based on language contained in section 537(a)(6) of the former Mutual Security Act. It is included in view of Comptroller General rulings that express authorization is required to pay expenses which are classified as entertainment. The language eliminates the geographic restriction contained in the predecessor section which provided authority to pay entertainment expenses in the United States. The paragraph specifies that not to exceed \$25,000 may be used for such expenses in any fiscal year except as may subsequently be expressly provided in an appropriation or other act. This would include expenses incurred by high-ranking U.S. Government officials responsible for administration of nonmilitary assistance and expenses in connection with foreign nationals participating in activities under the AID in the United States, which are classified as entertainment.

Paragraph (3) is based upon language contained in section 537(a)(9) of the former Mutual Security Act. It provides basic authority to obtain liability and other insurance on official motor vehicles and aircraft acquired by purchase, lease, hire, or otherwise for use in connection with the programs under the AID outside the United States. The authority to obtain insurance for aircraft is new. It is intended that appropriate insurance will be obtained in countries where required by the law of the country, and also in countries where the policy of the foreign office of the country concerned or the interest of the United States makes it important to obtain insurance.

Paragraph (4) is based upon section 537(a)(10) of the former Mutual Security Act, with certain changes. It provides basic authority to rent or lease, outside the United States, offices, buildings, grounds, and quarters, including living quarters to house personnel, and to make advance payments for longer than 1 year for such purposes. In addition, it provides authority to procure furnishings for such living quarters, offices, etc., and to maintain, and make necessary repairs, alterations, and improvements in, properties owned or leased by the United States or made available for use to the United States in connection with programs under the AID, and, additionally, to pay the costs of fuel, water, and utilities for such properties.

Experience has demonstrated that it is the custom in many countries to require that rental payments be made in advance. Language has been included to provide authority to lease (or in appropriate cases to contract) for a block of rooms at a specific hotel or similar place.

Paragraph (5) is derived from section 537(a)(17) of the former Mutual Security Act. It provides for payment of travel expenses of personnel and their dependents (including expenses during necessary stopovers while engaged in such travel), as well as expenses of transportation of household goods, personal effects, and vehicles, charging all such expenses to the appropriation available during the fiscal year in which the travel order was issued, regardless of the year in which the actual costs are incurred. The provision authorizing transportation of automobiles for storage and payment of storage has been continued from the predecessor section and will be authorized when it is in the public interest (such as in case of evacuation or while in transit to an

area where disturbed conditions prevent onward shipment) or more economical to authorize storage. The other provisions relating to storage contained in the predecessor section have been deleted as they are now covered by the Overseas Differentials and Allowances Act.

Subsection (b) of this section is a new provision which authorizes assistance to be given to schools established outside the United States or to be established outside the United States for such purposes and on such terms and conditions as may be considered desirable. This authority will provide some administrative flexibility by permitting assistance to be given to existing schools or to schools being established outside the United States where it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by the bill and of U.S. Government personnel. Experience indicates that there are schools located abroad which are willing to admit dependents of personnel administering functions under the bill and of U.S. Government personnel, and which can, with some financial assistance, expand or improve their facilities (such as library facilities, laboratory, physical plant) to meet minimal U.S. educational standards. The provision of such assistance on suitable terms will obviate the need to construct or acquire and administer such facilities and in some cases may result in savings with respect to education allowances. The assistance to be authorized under this subsection is limited to \$1.5 million in any fiscal year and the funds under the development loan account may not be used for the purpose of this subsection.

Subsection (c) is in part derived from section 537(d) of the former Mutual Security Act and in part is new. It authorizes the use of funds made available for assistance under section 212 for expenses (other than those provided for in section 635) to assist in carrying out functions under title I (development loans) of chapter 2 of the AID, under the Agricultural Trade Development and Assistance Act of 1954, and under the Act for Latin American Development and Chilean Reconstruction. This language will provide funds to cover such nonadministrative expenses (i.e., other than those covered by sec. 635 of the bill) as, for example, the services of technical experts who assist in effective utilization of programs of assistance under the acts enumerated.

Subsection (d) is in part derived from section 103(b) of the former Mutual Security Act and in part is new, and concerns the use of funds made available for the purposes of the IPSA.

Paragraph (1) is derived from section 103(b) of the former Mutual Security Act and provides that military assistance funds may be used for administrative, extraordinary, and operating expenses.

Paragraph (2) is new. It provides for payment of actual expenses of tour directors, assigned to escort visiting military personnel, in accordance with the provisions of section 3 of the Travel Expenses Act of 1949, in order to alleviate the financial hardship of those who are assigned to this duty.

Subsection (e) contains one substantive change from that in existing law. It specifies that passenger motor vehicles for use in the United



States may be purchased only as may be expressly provided in an appropriation or other act. It provides authorization to purchase one vehicle for the use of the head of the agency primarily responsible for administering the aid. Such purchase shall be without regard to the limitation as to price or the limitation as to use, both of which limitations are specified in law.

*Section 635. Administrative expenses*

This section authorizes an appropriation of \$49 million for administrative expenses of the agency that will be primarily responsible for administering the economic assistance part of the foreign assistance program. This is a reduction of \$2 million from the Executive request. To the \$49 million authorized, it is proposed to add unobligated balances estimated at \$1 million. The \$50 million for fiscal year 1962 compares with \$47.7 million used for administrative functions in fiscal year 1961. The committee believes that the authorization will make it possible to meet the expanded programs in Latin America and Africa, the expanded development lending function, and the administration of foreign currency programs that are presently administered by the Export-Import Bank.

### CHAPTER 3—MISCELLANEOUS PROVISIONS

*Section 641. Effective date*

This section states that the bill will become effective on the date of its enactment.

*Section 642. Statutes repealed*

This section repeals existing foreign aid legislation and reorganization plans which are repealed by this act or are obsolete or no longer required. Subsection (a) identifies what is repealed, as follows:

1. Reorganization Plan No. 7 of 1953. This plan, which established the Foreign Operations Administration, which was succeeded by ICA, is now operative only in that it provides for certain statutory positions presently being used in the economic assistance program. To this extent, it is replaced by section 622.

2. The Mutual Security Act of 1954, as amended, with the following exceptions:

(a) Section 402, relating to the disposal of surplus agricultural commodities and the use of the proceeds of sales thereunder.

(b) Sections 405 (a), (c), and (d), which provide for: U.S. membership on the Intergovernmental Committee for European Migration; contributions to the program of the United Nations High Commissioner for Refugees; and the continuation of activities for selected escapees.

(c) Section 408, which authorizes U.S. participation in the North Atlantic Treaty Organization.

(d) Section 411(d), which provides certain special authorities with regard to personnel, printing and procurement of supplies and services abroad.

(e) Section 414, which provides the permanent Presidential authority for the control of imports and exports of arms, ammunition or implements of war.

(f) Section 417, relating to the disposition of Irish counterpart.

(g) Sections 502 (a) and (b), which relate to the use of U.S.-owned foreign currency, including the authority for use by congressional committees for official travel expenses.

(h) Section 523(d), which authorizes the President to require payment in foreign currency of members of the U.S. Armed Forces, U.S. Government employees, and U.S. Government contractors, and their employees, while overseas.

(i) Section 536, authorizing continued participation in the Joint Commission on Rural Reconstruction in China, and appointment of U.S. citizens thereto.

(j) Sections 537(a) (2), (3), (4), (5), (7), (8), (12), (13), (14), (15), (16) and section 537(e). These provisions provide basic legislative authority of an administrative nature for particular purposes necessary to the AID. While, generally, funds may be used as necessary to carry out the AID programs, these express statutory authorizations for these particular expenses are to meet special statutes or Comptroller General rulings.

3. Section 12 of the Mutual Security Act of 1955, declaring it the sense of the Congress that the Communist regime in China should not be recognized to represent China in the United Nations. This statement has been included in the statement of policy in part I of this act.

4. Sections 12, 13, and 14 of the Mutual Security Act of 1956, which relate to the atomic energy foreign research reactor projects. The authority and language contained in these sections have served their purposes and are now obsolete.

5. Section 503 of the Mutual Security Act of 1958, which expresses the sense of the Congress that the President seek to strengthen cooperation in the Western Hemisphere through joint programs of technical and economic development. Measures designed to accomplish this, such as the American Republics Cooperation Act and the Act of Bogotá, have been legislated or agreed to. Therefore, the language of this section is no longer required.

6. Section 108 of the Mutual Security Appropriation Act of 1959, which authorized not to exceed 50 percent of the foreign currencies theretofore generated by sales of surplus agricultural commodities under section 402 be used in accordance with the provisions of that section.

7. Section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended. Section 501(a) is a congressional statement of policy recognizing the importance of accelerated efforts to conquer disease and health deficiencies through supporting international cooperation in programs directed to these purposes.

Chapter VI provided for a study and preparation of plans for the establishment of a Center for Cultural and Technical Interchange Between East and West, which has now been done.

Sections 702 and 703 authorized appropriations for the North Atlantic Treaty Parliamentary Conference in 1959, and U.S. participation in World Refugee Year. Both activities have now passed.

8. Section 604 and chapter VIII of the Mutual Security Act of 1960. Section 604 required the President to study the functions of and the degree of coordination among agencies engaged in foreign economic activities and report his findings and recommendations to the Congress. This act is a part of the results of that review. Chapter VIII author-



ized a study of the feasibility of a hemisphere center for cultural and technical exchange.

Subsections (b) and (c) of section 642 are, in effect, saving provisions. Subsection (b) states that references in law to the acts or provisions of acts repealed by subsection (a) of this section shall be considered references to the bill or appropriate provisions of the bill. Subsection (c) preserves amendments contained in acts repealed by subsection (a) to acts not named in that subsection.

#### *Section 643. Saving provisions*

Subsection (a) is designed to permit, except as may be expressly provided to the contrary in the bill, continuity of operations and programs, despite the repeal of various provisions of law by section 642(a) of the bill, by preserving, until modified by appropriate authority, organizational, administrative, fiscal, program, and other actions undertaken under authority of any of such repealed provisions of law.

This provision insures, for example, that procurement contracts entered into under the Mutual Security Act may continue to be performed, notwithstanding the repeal of that act.

Subsection (b) provides that, where the bill establishes conditions which must be complied with before assistance may be furnished, compliance with, or other satisfaction of, substantially similar conditions under acts listed in section 642(a) of the bill shall be deemed to constitute compliance with the conditions set forth in the bill. Thus, it will not be necessary to renegotiate all the military assistance agreements concluded with certain countries under the former Mutual Security Act in order again to make such countries eligible to receive military assistance under this bill.

Subsection (c) provides that funds made available pursuant to provisions of law which are repealed by section 642(a) of the bill shall unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable to such funds or in accordance with provisions of law currently applicable to those purposes.

By virtue of this provision, for example, certain DLF funds may be used in accordance with the authority of the Mutual Security Act applicable thereto or the authorities in title I of chapter 2, part 1.

Subsection (d) provides that no provision of the bill shall affect, except as the President may determine, the existing Peace Corps agency nor functions, offices, personnel, property, records, and funds available to the Peace Corps on the date prior to the effective date of the bill. This status of the Peace Corps is to continue until legislation for the Peace Corps is enacted or until the present congressional session ends without such legislation. This will preserve the Peace Corps as it is now until permanent legislation is passed or Congress adjourns, whichever is earlier. Should Congress adjourn before permanent Peace Corps legislation is enacted the Corps would expire from lack of authority.

#### *Section 644. Definitions*

This section defines 13 terms used in this bill.

(a) "Agency of the United States Government" is defined as including any agency, department, board, wholly or partly owned

corporation, instrumentality, commission, or establishment of the U.S. Government.

(b) "Armed Forces" is defined as meaning the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" is defined as any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" is:

1. Any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

2. Any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance.

3. Any machinery, facility, tool, material, supply or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

4. Any component or part of any article listed.

Excluded from the definition of "defense articles" are merchant vessels, atomic weapons and nuclear materials.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service. The definition makes it clear that the bill does not authorize the furnishing of restricted data and formerly restricted data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" means the quantity of defense articles owned by the U.S. Government which is held in inventory in excess of the mobilization reserve requirement at the time supply action is taken for shipment and the articles are dropped from inventory by the supplying agency. "Dropped from inventory" is a well understood military phrase meaning the point in time when instructions are issued to the shipping depot to ship the item to the recipient and the item is credited on the inventory records.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the U.S. Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the U.S. Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" is defined to mean any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly



or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" has three definitions.

(1) As it relates to an "excess defense article" defined under subsection (g) it means only the gross cost incurred by the United States in repairing, rehabilitating, or modifying such articles;

(2) As it relates to nonexcess defense articles delivered from defense stocks it means the standard price in effect at the time such articles are "dropped from inventory" by the supplying agency (see (g) above). These standard prices must be the same price used for transfers or sales in or between the Armed Forces. For items that have no transfers and sales in or between the Armed Forces it means the standard price represented by the gross cost adjusted for condition and market value;

(3) As it relates to nonexcess defense articles delivered from new production it means the contract or production costs of such articles.

This section permits the Secretary of Defense to prescribe regulations authorizing reimbursements to a supplying agency at negotiated prices for aircraft, vessels, plant equipment or such other major items as he may specify provided that the articles are not excess to the requirements of the supplying services at the time of negotiations and that the negotiations are accomplished only when firm orders for the items are placed by MAP with the supplying service.

The exception for certain major items not delivered from new production, as provided in (3) above, is necessary to cover situations in which market value is not generally ascertainable and negotiation between the owning service and the potential customer is required to agree on fair value. A negotiated price is authorized only if the item is not in an excess status at the time of negotiation. Further, the price must be negotiated pursuant to a firm order for delivery. The price once negotiated will prevail regardless of whether at the time of delivery the item is in an excess or nonexcess status. The factors generally considered in negotiation of the price would be the cost; deterioration due to age, or to wear and tear through use; obsolescence; and utility to the potential customer in the use of the end item.

The definition is intended to be prospective in its application in order to avoid impairing existing financial plans of the Department of Defense. When MAP orders long-delivery-time articles that are not excess, such as missiles and aircraft, the definition assures the supplying service a price that may be firmly considered as "due from MAP" for the purposes of purchasing replacements and preparing future years' budgets. For example, in the case of the Jupiter and Thor missiles, including support equipment and parts which were procured some time prior to the receipt of a firm order for military assistance requirements, appropriate reimbursement will continue to be made to the Air Force in accordance with negotiated prices established at the time the MAP order was placed.

#### *Section 645. Unexpended balances*

This section authorizes the continued availability of unexpended balances of funds for the same general purposes for which appropriated under the Mutual Security Act of 1954, as amended. It

also provides authority to consolidate these balances at any time and, in addition, to consolidate them with appropriations for the same general purposes made available under this bill.

*Section 646. Construction*

This section is a standard separability provision. It provides that the invalidity of any provision of the act or of its application to any persons or circumstances shall not affect the remainder of the act or the applicability of such provision to other persons or circumstances.

*Section 647. Dependable fuel supply*

This section indicates congressional recognition of the danger in the present Soviet fuel offensive which has reached a number of the underdeveloped countries in Asia and South America, and which threatens certain nations in Europe. It offers encouragement to countries receiving assistance under this legislation to avoid building their development programs around Soviet-controlled fuel supplies.

It is hoped that the Italian people will recognize the significance to them of their increasing reliance on Soviet supplies of petroleum products in order that a situation may be avoided in which a cutoff of Russian supplies could prevent Italy from making its full contribution to the NATO alliance.



## PART IV

### AMENDMENTS TO OTHER LAWS

#### *Section 701*

This section amends the Defense Base Act. Under that act, contracts under the former Mutual Security Act, except those of the Development Loan Fund, are subject to its workmen's compensation provisions. This amendment subjects contracts under any successor act to the Mutual Security Act (e.g., the bill) to these provisions, but deletes reference to the Development Loan Fund authority of the Mutual Security Act. Instead, the exception is put in terms of contracts financed by loans repayable in dollars which has the effect of extending the existing prohibition to the same activities as were formerly carried out by the Development Loan Fund. However, the amendment would permit uniform workmen's compensation coverage to apply to employees on such contracts when the Secretary of Labor determines, upon recommendation of the financing agency, that such coverage would be appropriate. Under paragraph (2) of this section, such discretionary coverage would be applicable retroactively to any or all contracts financed by the Development Loan Fund which were not completed prior to the date of enactment of the bill.

#### *Section 702*

This section amends the War Hazards Compensation Act, which provides for war-risk hazards and internment compensation coverage to certain persons employed outside the United States. That act extends coverage to such persons employed on operations under the Mutual Security Act under contracts covered by the Defense Base Act, or engaged under contracts approved and financed by the U.S. Government under the Mutual Security Act, except under the Development Loan Fund authority. Under the amendment, contracts under any successor act to the Mutual Security Act (e.g., the bill) will also be subject to these provisions of the War Hazards Compensation Act. In addition, the class of excepted contracts is changed. In place of an exception for Development Loan Fund contracts, there is substituted an exception for contracts financed by loans repayable in dollars under the Mutual Security Act or any successor act which has the effect of extending a like prohibition to what was formerly Development Loan Fund activities. However, the Secretary of Labor is given discretion to extend the coverage of the War Hazards Compensation Act to such loan contracts.

#### *Section 703*

Subsection (a) amends section 305 of the Mutual Defense Assistance Control Act of 1951, known as the Battle Act, which relates to repeal of certain provisions of law, to provide a permanent authorization in that act for appropriations to the Department of State to carry out the objectives of the Battle Act. Section (b) preserves the re-

pealer effect of section 305 of the Battle Act notwithstanding the amendment contained in subsection (a).

#### *Section 704*

This section amends section 104(e) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), which relates to the use of foreign currencies, to permit the President to authorize administration of the foreign currency loan program under that section by an agency other than the Export-Import Bank. Under Public Law 480 up to 25 percent of the foreign currencies accruing from the surplus commodity sales under title I are available for private business loans abroad. Existing law requires these loans to be made through the Export-Import Bank. This amendment will permit these lending activities to be done by the new aid agency which is consistent with the policy of centralizing control and direction of foreign assistance programs.

#### *Section 705*

This section amends section 5 of the joint resolution to promote peace and stability in the Middle East, which relates to reports to the Congress. It changes the time at which such reports shall be required. This joint resolution contains valuable authority but has not been used recently.

#### *Section 706*

This section amends the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes, by adding a new section 4. Subsection (a) of this new section permits the President, as he determines to be necessary, to use appropriate authorities of this bill to carry out the purposes of the Latin American Development Act. Thus, basic authority (such as the rental of offices outside the United States, section 634(a)(4)) now lacking in the Latin American Development Act will become available.

Subsection (b) is derived from section 405(b) of the Mutual Security Act. It provides for the use of not more than \$800,000 of the funds made available under the Latin American Development Act to assist selected immigrants from the Ryukyu Islands to settle in Latin America. This provision has been in the Mutual Security Act for some years and has proven to be effective in encouraging Ryukyans to emigrate to this area.

#### *Section 707*

Paragraph (1) amends section 701 of the Foreign Service Act. At present authority exists to provide instruction on a space available basis for spouses of officers and employees "in anticipation of the assignment abroad of such officers and employees." The language in the bill removes the "space available" limitation, it extends the authority to cover other members of the family such as a member of the officer's family other than the wife who may act as official hostess or older children, and authorizes orientation and language training after the family arrives at the post abroad.

Paragraph (2) amends section 872 of the Foreign Service Act. That section provides that the agency of the Federal Government that reemploys a Foreign Service annuitant shall pay to the Department of State the funds necessary to cover salary, employer contribution, and leave payments; the Department of State in turn shall pay



to the annuitant the portion of his salary and of his annuity to which he is entitled after making such deductions and withholdings as are required by law. The amended language is intended to simplify these fiscal arrangements by providing that the employing agency shall pay the reemployed annuitant directly and send to the Department of State necessary notification and all pertinent information. Any overpayments that may result would be recovered by subsequent withholding from annuity or salary due the reemployed officer. This amendment is directed only to the method of payment; it does not alter any payments. The General Accounting Office together with the disbursing officers of Government agencies have requested this amended language to facilitate the handling of accounts.

Paragraph (3) amends section 911 of the Foreign Service Act which deals with travel and related expenses. The new paragraph (9) added to the Foreign Service Act will enable officers and employees, and members of their families, serving at designated hardship posts where there is no nearby place offering climatic or environmental change to travel at governmental expense to specified locations for rest and recuperation. As used in this paragraph the term "member of a family" refers to those individuals who normally reside with the officer or employee. Only one round trip of rest and recuperation would be authorized during a continuous 2-year tour or two round trips during a 3-year tour. Travel time and the period spent in rest and recuperation will be charged to annual leave. This provision is of particular importance to the AID Agency, many of whose personnel are stationed in unhealthful posts isolated from modern civilization and climatically difficult. For example, an employee in Yemen or Khartoum might wish to take his family to Asmara or Cairo, respectively, but would be unable to do so because of the high cost of transportation. This new authority together with the amendment proposed to section 933(a) to permit home leave after 18 months should do much to make assignments at certain hardship posts more acceptable.

The new paragraph (10) added to section 911 of the Foreign Service Act will permit the payment of travel expenses for families of employees when accompanying, preceding, or following an officer or employee if he is temporarily assigned to orientation and training or is given other temporary duty such as consultation while en route to his post of assignment. This will defray travel expenses of members of an employee's family who reside for a short period in a place other than the post of assignment when the officer is undergoing orientation, training or consultation while en route to his post of assignment.

Paragraph (4) amends section 933(a) of the Foreign Service Act which deals with the return of personnel to the United States on leaves of absence. The existing statutory requirement that personnel cannot take home leave until they have served abroad 2 years makes tours of duty too rigid. Under the amended language the Department of State plans to designate approximately 75 percent of its regular posts abroad as those where 3 years would be the usual period before home leave; in the remainder the qualifying period for home leave would be reduced to 18 months or, alternatively, the officer would be eligible for 2 rest and recuperation trips during a 3-year tour. This provision is particularly important to the AID agency, nearly 50 percent of whose personnel serve at posts with a hardship differential of 20 or 25 percent.

Paragraph (5) amends section 942 of the Foreign Service Act which deals with travel for medical purposes. Under existing law authority is lacking to pay the travel costs of an officer or his dependent who needs medical treatment or diagnosis of an illness unless hospitalization is required. It is not feasible with wide dispersal of personnel, particularly AID technicians, to provide medical personnel or facilities at all locations. The amended language will provide authorization for travel for personnel or members of their families who need medical care such as diagnosis, physical examination, inoculation, emergency dental care, outpatient care, hospitalization and obstetrical care which is inadequate or not available at their post of assignment and which cannot or should not be delayed until the employee is eligible for home leave, transfer, rest or recuperation, or other official travel. The amendment would also permit the payment of travel cost of an adult accompanying a child too young to travel alone who must leave the post to obtain necessary medical or emergency dental care. The committee regards this broader authority as a necessary provision to recruit individuals for work in remote areas away from mission headquarters.

#### *Section 708*

This section amends the act under which the United States participates in the Food and Agriculture Organization (FAO). Existing law limits the U.S. annual contribution to \$3 million provided that the percentage contribution of the United States to the total budget does not exceed 33.33 percent. The language in the bill removes the dollar ceiling but does not disturb the percentage limitation. FAO is presently the only specialized agency in which the dollar ceiling type of control has not been abandoned. The removal of the dollar limitation will not mean unlimited contributions by the United States. Our annual contribution will still be subject to the annual appropriation process. The FAO budget approved in November 1959 brought the U.S. contribution within \$790 of the present dollar limitation. The anticipated increases for the FAO budget for 1962 and 1963 will make the assessed contribution of the United States in excess of the present limitation.

FAO has a membership of 82 governments. This compares with a membership of 72 at the time the \$3 million statutory limitation was enacted. The increase in membership has come principally from the less developed countries which draw heavily on the experience and expertise of the organization to aid them in improving their agricultural techniques.

#### *Section 709*

This section amends the law under which the United States participates in the Interparliamentary Union. The U.S. contribution toward the maintenance of the Bureau of the Interparliamentary Union is \$18,000 and not more than an additional \$15,000 is authorized to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year. This section would authorize the appropriation of \$30,000 to meet the expenses of the American group.



## SEPARATE VIEWS

Although I have voted to bring H.R. 8400 to the floor, I want to make clear my view that no particular type of financing of mutual security legislation will guarantee a successful administration of this program.

Although I have supported foreign aid, and still strongly support the objectives of this program, nevertheless, it would be disregarding the obvious to maintain either that the previous administration of this program had been free from defects or that a change in the method of financing could, in and of itself, insure a reform in administrative practices.

No one who has listened to the evidence of negligence, misfeasance and actual criminality in Laos, in Cambodia, and in Peru, can escape the conclusion that in too many instances the people administering our aid programs have been unequal to their responsibilities and, what is more important, that those officials in the middle ranks of administration who are the real managers of the program have shrunk from making the personnel changes which are essential to proper administration.

I have been impressed by the expressed intent of President Kennedy, Secretary Rusk, and Mr. Labouisse to initiate reforms, to recruit competent administrators, and to follow closely the administration of the program. I am hopeful that the new administration will follow through with its expressed promises. Of particular interest to me is the proposal of President Kennedy to recruit competent managerial talent from private industry for a set period of governmental service. In view of this promise and the perilous nature of the times in which we live, the House may be willing to make the changes which H.R. 8400 effects in our existing law.

If, however, we do not have improved administration, closer supervision and better recruitment in the personnel administering our aid program, the alternative will be increased ineffectiveness and greater and more widespread scandals than any we have hitherto seen.

JOHN S. MONAGAN.

## SUPPLEMENTAL VIEWS

Most of the undersigned, during their congressional service, have actively supported and voted for foreign aid legislation, believing it to be an essential part of our own national defense. All of us are in agreement that to solve long-term problems it is necessary to have long-term programs, including long-term development loans in preference to grants.

We do not agree that the note-issuing authority contained in the bill is a necessary or a proper method to finance long-term development loans.

The note-issuing authority is merely a form of borrowing from the Treasury. In the bill such a device is authorized only for development loans. The money needed for the rest of the program is provided by the regular congressional method of handling money bills, namely by authorization and annual appropriation. Thus, of the total \$4.3 billion on the bill for this year, \$900 million is to be financed by Treasury borrowing for development loans. For each of the next 4 fiscal years, 1963 through 1966, the bill authorizes \$1.6 billion of Treasury borrowing to finance development loans—a total for the 5 years of \$7.3 billion.

In addition the repayments of principal and interest on certain earlier loans, instead of reverting to the Treasury, are also made available for development loans. Such repayments will average about \$300 million during each of the 5 years. In short, a total of \$8.8 billion is authorized and made available without further congressional action for development loans over the next 5 years.

We object to the note-issuing authority, often referred to as Treasury borrowing or "back-door" financing, on several grounds.

*First.* Continuing programs have in the past been provided for without the note-issuing authority.

For the past 10 years the mutual security program has been financed, with few exceptions, on an annual authorization and appropriation basis. During that period the Congress has authorized \$43.6 billion for military and economic programs. Against this it has appropriated \$40.1 billion, about 92 percent of the authorizations.

Congress recently authorized and appropriated \$500 million for an accelerated program of economic assistance in Latin America. The authorization was made in 1960 during President Eisenhower's administration. The appropriation was voted in 1961 during President Kennedy's administration. At neither time during congressional consideration of this measure were the committees or the Congress given specific programs. The measure was presented in terms of possibilities of programs that could be developed. The Congress responded to the appeal of the President because it recognized the inherent merits of the broad program proposed by the Executive.

Last year the Congress approved the President's request for participation in a consortium for the development of the Indus River Basin. This is a 10-year project that will total more than \$1 billion.



The U.S. share is \$515 million, in the form of loans and grants of dollars and local currencies. Congress incorporated in the law an expression of approval of this project and has made funds available last year and again this year.

These examples are indicative of responsible congressional concern for a continuing program. The record does not justify the oft-expressed doubt that the Congress will provide on schedule the funds needed to finance development loans.

*Second.* The note-issuing authority method will not necessarily increase U.S. influence toward reforms in other countries.

During committee hearings this year on the foreign-aid legislation, no witness from the executive branch cited a case where a program or a project that had been started was interrupted because of lack of funds. Secretary of the Treasury Dillon stated at one point:

If we started a single specific project somewhere, I think the Congress could be counted on, except under very exceptional circumstances, which would deserve the change, to continue to support that specific project (hearings, p. 642).

He then added what we regard as the principal argument of the executive for the note-issuing authority:

What we do not have is the ability to go to a country, tell the country that next year, the year after and the year after and the year after, "If you do this and this and this, we will support your development program, which means that you will be able to count on starting this project 2 years hence and another project 3 years hence \* \* \*." (hearings, p. 642).

The administration apparently hopes that by backing a country's long-range development programs it can thereby encourage that country to initiate fundamental reforms. But will the availability of note-issuing authority be any more persuasive with governments which have not initiated fundamental reforms to correct their glaring deficiencies?

The administration admits, as pointed out below, that it cannot make completely firm commitments, even if granted note-issuing authority for 5 years. What greater persuasiveness with reluctant governments would the executive have under such authority than it would have under multiyear authorizations? Such authorizations would give other governments full assurance, based on the record, that the Congress would appropriate funds up to the limit of those authorizations.

Foreign policy considerations have required that we continue support to certain countries that have not been willing to tackle tough internal reforms. A new method of financing our loan programs at home will not take precedence over the pursuit of those foreign policies that we believe to be in our national interest. Certainly we are not likely to hasten reforms abroad solely by adopting a new method of financing at home—unless we are to disregard or minimize foreign policy considerations.

Foreign governments can read our budget. Under the note-issuing authority they will know with reasonable precision how much is available for loans over the next 5 years. They can make their long-range plans. But they also know that only under the most extreme

circumstances will they be denied the money. The attraction of the carrot may outweigh the fear of the stick.

*Third.* There is no need or justification for authorizing note-issuing authority for fiscal year 1962.

The note-issuing authority in the bill starts in fiscal year 1962. We are already in that fiscal year. It cannot be argued that long-term financing as proposed in the bill is necessary to start projects this year. They can be initiated by the regular procedure of authorizations and appropriations. If the Congress is willing to vote note-issuing authority of \$900 million this year, obviously it is willing to appropriate \$900 million. In either case the cost to the taxpayer and to the Treasury is the same. Therefore, one can only conclude that the purpose is to avoid annual scrutiny and control by the Congress over the expenditures of public funds.

*Fourth.* The note-issuing authority does not permit "irrevocable commitments."

Even with the note-issuing authority to finance the program, the Secretary of the Treasury stated that the United States would not be able to make a "completely irrevocable commitment." The agreements with foreign governments, he added, would be "conditional on the Congress not making any reduction or change in authority."

The committee has been assured that under the note-issuing authority Congress would retain control. Yet when a member observed that "if we (Congress) disapprove, there is nothing Congress could do except to revoke it (the long-range authority); that would be most difficult," Secretary Dillon replied: "Yes, I think it would be difficult" (hearings, p. 624).

The United States recently announced its participation in a consortium of governments and institutions interested in development assistance to India under which our Government is to commit \$1,045 million through 1963. A similar commitment of \$150 million to Pakistan for 1961-62 is under consideration. The participation of all governments in both of these ventures is, according to the World Bank, "subject as appropriate to legislative action or other necessary authorization."

The Managing Director of the Development Loan Fund, Hon. Frank M. Coffin, testified that "all we ask is the power to make a presumptive commitment with those other countries—recognizing that the only legal obligation we can make is for this fiscal year" (hearings, p. 1107).

In the instances cited above, the Executive had no difficulty in making such commitments with no more assurance than the usual authorizing and appropriating cycle. The Executive knows that the Congress will fulfill commitments it makes up to the levels authorized. If it is contended that other countries may not understand this fact, we suggest that it would be more useful for the Executive to reassure other countries by reciting the record of congressional performance rather than to create doubts abroad by unsupported expressions of doubts at home.

We recognize fully that in order to improve long-range programs the Executive should be able to make long-term plans and arrangements. But we insist that it is not necessary to grant authority now to issue notes year by year in vast amounts over the next 5 years in order to accomplish this purpose. Instead, we would favor a method



that would assure authorizations and appropriation of amounts sufficient to permit adequate long-range planning and commitments. But we would not authorize in advance the full amounts that may be needed each year. Thus the Executive would have to return to the Congress annually for the authorization and appropriation of any additional amounts needed. In so doing it would have to justify to the Congress what it has done and what it proposes to do. This would enable the Executive and the Congress to discharge their proper and respective responsibilities.

In short, what we propose is a method of financing that would both give the Executive assurance of continued congressional support of long-range programs and keep in the hands of the Congress its proper constitutional responsibility for annual review and determination of the overall size and cost of the program.

ROBERT B. CHIPERFIELD.

FRANCES P. BOLTON.

WALTER H. JUDD.

MARGUERITE STITT CHURCH.

E. ROSS ADAIR.

LAURENCE CURTIS.

WILLIAM S. MAILLIARD.

PETER FRELINGHUYSEN, Jr.

WILLIAM S. BROOMFIELD.

ROBERT R. BARRY.

J. IRVING WHALLEY.

HORACE SEELY-BROWN, Jr.

## ADDITIONAL VIEWS

Previous statements of criticism of foreign aid programs and operations made by us over the years have pointed out our interest in mutual security, our dedication to peace, and our desire for friendship and understanding among peoples of all nations. We, of course, believe strongly in mutual security and hold in particular that our several commitments to aid and strengthen our allies and friends must be kept. In the past, however, in face of the obvious failure of the program to meet expectations and need, we have called repeatedly for a complete review and revision of foreign aid legislation.

This year we looked forward with much optimism to new legislation to be brought before the committee, in the hope that it would adequately meet the challenge that this country faces as the leader of the free world. We foresaw legislation that would carry at least indication of needed success. We foresaw furthermore the possibility of strengthening the bill that was offered, through essential amendments. Such amendments did not pass.

H.R. 8400 fails to meet the critical need as demonstrated by our world situation for new and practical vision; adequate new tools; built-in guarantees against repetition of former errors and miscreancy; and assurances of sufficient increased regard for U.S. interests. As sincere critics of past programs and past performances, we regret, perhaps more than others, that this new legislation fails to meet either our anticipations or the need.

At a time when our Nation faces new trial and challenge—a challenge that all Americans accept with requisite courage and determination—nothing less than the best should be considered acceptable or accepted.

The basic problem which this Congress must face is the one that we expressed to the Secretary of State on the first day of our hearings—

the problem of why it is, after all these years, despite a noble goal and good intentions and unstinted appropriations, that we are presently where we are (hearings, p. 90).

And the partial answer must be, noble goals and good intentions and billions of dollars are not, in themselves, enough.

We agreed in large part with and signed the supplemental views of the minority stated elsewhere in this report. We, too, agree that the note-issuing authority is not a necessary method or a proper method to finance long-term development loans.

We further agree, as regards the hope of the administration to obtain social reform in the countries to be aided that a new method of financing our program at home will not hasten reforms abroad—unless that method will ignore or minimize foreign policy objectives.

We agree with the supplemental views that the record does not justify the expressed fear that the Congress would fail to provide the funds needed to continue valid foreign assistance programs. The two signers of these additional views remain unconvinced, however, that



"friends" can be won—or social reform necessarily imposed—through "dollar diplomacy." We particularly concur with the statement that the proposal for borrowing from the Treasury to meet the costs would weaken the control of Congress.

#### FISCAL RESPONSIBILITY REQUIRED

However, our criticism of H.R. 8400 goes further than the pointed objections raised in the minority supplemental views and must in good conscience be accordingly expressed.

At this critical moment in U.S. history, it is incumbent upon us to insist upon the most thorough and complete fiscal justification for any and all expenditures that Congress votes. This is all the more true in face of rising military costs. We must take a long hard look at all spending programs. As we already know, the budget deficit for fiscal year 1961 amounted to \$3.9 billion—well beyond expectations; and it is estimated that in fiscal year 1962 the deficit will reach at least \$5 billion. Our concern must be focused on the magnitude of expenditures in the foreign aid bill, not only for fiscal 1962, but in the years ahead.

#### MONEY REQUESTED AND SUMS AVAILABLE

The foreign aid bill for fiscal year 1962, as reported by the committee, specifically authorizes \$4,355,500,000. The "new" sums will be made available despite an estimated unexpended balance as of June 30, 1961, of \$5,443,412,000, of which approximately \$145,500,000 remains unobligated. The bill, however, sets no overall cost on foreign aid beyond the \$8,800 million in loans over 5 years, plus \$1,368.5 million in grants to be made available in fiscal year 1962. It does give the President such wide authority to tap other programs and resources, including the military stockpiles and interest accruing from and repayments of previous loans, that the total authorization is far greater. An estimated total outlay of over \$30 billion over the next 5 years is closer to reality; and this does not include \$1,800 million in military aid for 1962, and sums appropriated in the succeeding years for military assistance, plus "such sums as may be necessary" to implement the act.

It is almost impossible indeed to get two agreeing estimates as to the actual amount of money contained in this bill (H.R. 8400). In the corresponding bill brought out by the Senate, which is essentially similar in amounts, Senator Harry Byrd, chairman of the Senate Finance Committee, points out: "Assuming annual appropriation authorizations at the 1962 level throughout the period 1962-66, along with other available funds, the 5-year cost of foreign aid as contemplated in this bill (S. 1983) may be estimated at more than \$36.6 billion." His estimate is based on the following chart which appeared on page 12903 of the Congressional Record for July 28, 1961:







In regard to the provision for development lending, moreover, certain realities must be faced. There is no certainty as to the terms and conditions imposed on each and every loan. It will be possible for the Executive to make low- or no-interest-bearing loans, and long-term loans for as long as 50 years, with no principal payments in the first 10 years. If the Treasury Department has to borrow at 4 or 5 percent for the financing of development loans at low or no interest rates, it is conceivable that our national debt will invariably increase again, and as a byproduct spiraling inflation is bound to affect our economy. In addition, whatever the good intentions of the executive branch in providing that payment of interest and principal should be in U.S. dollars, we doubt whether such payment can be expected in the foreseeable future from those countries receiving aid, particularly those countries which, in the opinion of the Administrator, might seem to be most in need of the "dreamed of" social reform or help.

#### INCREASED EXECUTIVE POWERS

If, however, it is difficult to obtain any reasonable estimate of the amount of moneys provided by this legislation, it is even more difficult to measure or estimate the amount of the increase of authority granted to the Executive. The bill grants unprecedented flexibility to the executive branch in the administration and management of the program.

Year after year Congress has continued to delegate to the executive branch more and more authority to spend ever-increasing amounts of money. This year the increased delegation of power to the Executive is greater than ever before and goes far beyond what is necessary. The danger, as is of course evident, arises from the fact that the President must delegate the responsibility for drawing plans and spending the money; and that, accordingly and necessarily, the careful supervision that he might give cannot be extended to the extent necessary. In this bill there are 51 grants of discretionary power to the President and 18 authorizations to disregard other laws which apply to foreign aid. While many of these grants of power have been in previous foreign aid legislation, in one form or another, it must be taken into consideration that heretofore the authorization has been limited to 1 year.

The ambiguity that exists concerning the authority granted to the executive branch is equaled if not surpassed by ambiguities of provisions within the bill. The committee made an effort to discover and remove such ambiguities. The fact remains, as is clearly visible to Members of Congress reading the legislation, that indefinite provisions, open extensions of authority, waiving of previous laws, etc., make it exceedingly difficult to discover and estimate the exact degree of power that is being yielded by Congress to the executive branch. Even friends of the program have termed this bill a "legislative monstrosity." In fact, it might be said that most Members who vote for this bill if, in fact, anyone, could not possibly know all that he is voting for.

As one instance of the indefiniteness of authority, H.R. 8400 provides that "The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as



he may determine." This indefiniteness of course serves to increase already practically unlimited authority.

It must not be forgotten that the power to use funds without limitation at any delegated level is not only the power to spend but to initiate and carry through policies which might be completely unknown to the Congress—or which, in fact, could frustrate the will of Congress. It is difficult to believe that decisions of major importance or which concern the vital security of this Nation could be better made by bureaucratic executives, through use of the powers delegated to them, than by Members of the Congress responsible to the people who elect them.

We have made no attempt in this report to give a complete analysis either of the bill or of all our points of difference with it. Among such, we might mention its failure to make authorizations for definite appropriations to the international organizations so long provided for in previous corresponding acts. Here, again, the right of decision both as to beneficiary and amount is provided through the mere grant of a lump sum appropriated to the President. We also belong in the group of Members of this Congress who are opposed to the further weakening of the Battle Act (Mutual Defense Assistance Control Act). We, therefore, regret the amount set apart in the President's contingency fund that can be spent without regard to the provisions of the Battle Act. The contingency fund this year is \$300 million.

#### CONCLUSIONS

However, although the defects of the bill are many, transcending all others is the relinquishment of congressional control over the program. The trend in the past has been for the executive branch to request, and to receive, ever greater flexibility; but now the Congress is requested abjectly to abdicate its powers and to grant a blank check to be cashed wherever, by whomever, and in whatever amounts as are designated by those in charge of the foreign aid program.

That continuation of congressional supervision is badly needed is attested to by the failures in past performance. The effectiveness of foreign aid has fallen far short of the millions of words spoken and the billions of dollars spent in its behalf.

Mr. Justice Douglas, in a speech at Mount Holyoke College on June 4, 1961, for instance, had this to say about the aid we have given since World War II:

The underdeveloped nations that received our aid are mostly worse off for it \* \* \*. The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move.

The burden to the taxpayers of the United States, however, gives no promise of being lifted.

Confronting the present crises this Congress, therefore, should accept nothing less than reconsideration of past errors and adoption of adequate measures not only to correct such errors but to provide the effectiveness so long lacking. The Congress cannot and should not abrogate its responsibility nor permit the weakening by one iota of its power to inspect, to authorize, and to appropriate.

For Congress to relinquish the check on the program inherent in the congressional prerogative to authorize and appropriate is an abandonment of congressional responsibility. Only through retaining such power can we hope to regain and hold control of the foreign aid programs and the spending therefor. We repeat, this requires annual review of foreign-aid operations coupled with requisite authorization and appropriation. As one responsible member of the Appropriations Committee put it recently, "If the administration gets the backdoor approach to foreign aid, the control will not be returned to Congress."

That must not happen.

MARGUERITE STITT CHURCH.  
E. ROSS ADAIR.



## SUPPLEMENTARY STATEMENT

In connection with the discussion of Treasury borrowing as a method of financing development loans, I believe attention should be directed to article 1, section 9, of the U.S. Constitution, which provides that: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

I believe that serious consideration should be given to the question whether the provision of this bill which authorizes both Treasury borrowing and the spending on the program of the money so borrowed does not violate at least the spirit of the above constitutional provision. This is an additional reason for preferring the usual method of authorization and appropriation.

LAURENCE CURTIS.

## ADDITIONAL VIEWS AND WORKABLE PLAN

One of the greatest criticisms of the foreign aid program in the past has been that the scattered, or "shotgun," approach to planning, without adequate consideration by the recipient nation of how the development project fits into an overall scheme of progress, has led to minimum benefits springing from our development aid. Long-range planning, wisely administered, can reduce this problem and the consequent waste growing out of uncoordinated development projects. It can encourage the new nations, lacking in self-confidence, to base their plans on long-term objectives, rather than trying to attempt abortive efforts in order to qualify for aid which is available only in the current year.

Long-range planning can do these things, but will it? Only careful and constant checking by the Congress will insure an effective and efficient program. Congressional committees have made valuable contributions to the program through their investigations and reports. The Committee on Foreign Affairs, for example, has a standing Subcommittee for Review of the Mutual Security Program, composed of ranking Members of both parties. The regular subcommittees have also studied programs that fall within their jurisdiction. Other committees have concentrated on particular areas, countries or projects. With expanded staffs and facilities these committees and subcommittees can enlarge their studies and strengthen congressional supervision and control over the dimensions and direction of the entire program.

There appears to be general agreement as to the desirability of encouraging the Executive to engage in long-term planning and it is hoped by the use of this new authority that many of the present pitfalls could be avoided in the future. This great hope begins to take on significance when it is realized that on a country-by-country basis a 5-year plan of economic development could command the top administrators of that country at the time of a plan's inauguration, as well as the top command of our Government. This would bring into focus our total aid in relation to the self-help measures that are accompanying the development plan, thereby making our economic goals more readily understandable and more certain of fulfillment.

Under the terms of the bill the Executive proposes to insure that funds will be available during the next 5 years by obtaining now the authority to borrow \$900 million for fiscal year 1962 from the Treasury and \$1.6 billion for each of the following 4 years. There is considerable opposition to this method of financing the program.

### A WORKABLE PLAN

A plan that could avoid the undesirability of Treasury borrowing and still give the President the long-term lending authority would require the Appropriations Committee to appropriate annually the amount for the next fiscal year which had been committed in previous



years. This assurance would enable the Executive to make reasonable sums available for long-term commitments.

For development loan funds that are not part of long-term projects already agreed upon, the regular procedures would necessitate an authorization and appropriation by the Congress in the course of which there would be the usual annual review of the entire program.

The maximum advance commitment for each year, fiscal year 1963-65, could remain a fixed percentage of the yearly long-term authorization, unless increased by the Appropriations Committee, which could consider each year the changing needs of the Executive.

The term of this plan is 4 years. This would enable the next administration to review, reduce, or expand the existing program. The 4-year plan has the added advantage of permitting the next administration to make these determinations without being saddled with commitments made by the previous administration.<sup>1</sup> A 2-year plan would not be sufficient to carry out the principle of long-term commitments.

Those who agree that the Executive should have long-term lending authority can support this plan because the Executive would have long-term assurance of funds available.

Those who oppose "back door" spending can support this plan because there will not be Treasury borrowing.

Members of the Foreign Affairs Committee can support this plan because their annual review for additional authorizations would also be required.

Those members of the Appropriations Committee who believe in the appropriating process can likewise support this plan, since their annual review would be preserved and a further appropriation required.

For fiscal year 1962 the full \$900 million requested by the President would be authorized.

The Executive has not as yet been able to estimate what portion of the fiscal years 1963 through 1965 development loan program will be committed in advance—therefore, 50 to 60 percent of the \$1.6 billion for each year, or from \$800 million to \$1 billion, has been arbitrarily suggested for the present plan.

ROBERT R. BARRY.

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<sup>1</sup> A 3-year plan would bring consideration of a new multiannual authorization into a presidential election year, thereby possibly creating partisanship in foreign affairs.

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

### REORGANIZATION PLAN NO. 7 OF 1953

(Prepared by the President and transmitted to the Senate and House of Representatives in Congress assembled, June 1, 1953, pursuant to the provisions of the Reorganization Act of 1949, approved June 20, 1949, as amended. Effective August 1, 1953)

#### [FOREIGN OPERATIONS ADMINISTRATION

##### [SECTION 1. *Establishment of Foreign Operations Administration.*

(a) There is hereby established a new agency which shall be known as the Foreign Operations Administration, hereinafter referred to as the "Administration."

[(b) There shall be at the head of the Administration a Director of the Foreign Operations Administration, hereinafter referred to as the "Director." The Director shall be appointed by the President by and with the advice and consent of the Senate and shall receive compensation at the rate of \$22,500 a year. The Secretary of State shall advise with the President concerning the appointment and tenure of the Director.

[(c) There shall be in the Administration a Deputy Director of the Foreign Operations Administration, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$15,000 a year. The Deputy Director shall perform such functions as the Director shall from time to time designate, and shall act as Director during the absence or disability of the Director or in the event of a vacancy in the office of Director.

[(d) There are hereby established in the Administration six new offices with such title or titles as the Director shall from time to time determine. Appointment thereto shall be by the President, by and with the advice and consent of the Senate. The compensation for each of two of the said offices shall be at the rate of \$16,000 a year and the compensation for each of the other four offices shall be at the rate of \$15,000 a year. The persons appointed to the said new offices shall perform such functions as the Director shall from time to time designate, and are authorized to act as Director, as the Director may designate, during the absence or disability of the Director and the Deputy Director or in the event of vacancies in the offices of Director and Deputy Director.

[SEC. 2. *Transfer of functions to the Director.* There are hereby transferred to the Director:

[(a) All functions vested by the Mutual Security Act of 1951, as amended, or by any other statute in the Director for Mutual Security



provided for in section 501 of that Act, or in the Mutual Security Agency created by that Act, or in any official or office of that Agency, including the functions of the Director for Mutual Security as a member of the National Security Council.

[(b) All functions vested by the Mutual Defense Assistance Control Act of 1951 in the Administrator created by that Act.

[(c) The functions vested by section 6 of the Yugoslav Emergency Relief Assistance Act of 1950 in the Secretary of State.

[SEC. 3. *Institute of Inter-American Affairs.* The Institute of Inter-American Affairs, together with its functions, is hereby transferred to the Administration. All functions vested by the Institute of Inter-American Affairs Act in the Secretary of State are hereby transferred to the Director. Functions with respect to serving as employees of the said Institute or as members of the board of directors thereof, including eligibility, as the case may be, to be detailed as such employees or to serve as such members, are hereby transferred from the officials and employees of the Department of State to the officials and employees of the Administration. The Institute shall be administered subject to the direction and control of the Director.

[SEC. 4. *National Advisory Council.* The Director shall be a member of the National Advisory Council on International Monetary and Financial Problems (22 U.S.C. 286b).

[SEC. 5. *Performance of functions transferred to the Director.* The Director may from time to time make such provisions as he shall deem appropriate authorizing the performance by another officer or by any employee or organizational entity, of the Administration, of any function of the Director, except the function of being a member of the National Security Council and the function of being a member of the National Advisory Council on International Monetary and Financial Problems.

[SEC. 6. *Transfer of functions to the President.* All functions vested in the Secretary of State by the United Nations Palestine Refugee Aid Act of 1950 are hereby transferred to the President.

[SEC. 7. *Incidental transfers.* (a) Personnel, property, records, and unexpended balances of appropriations, allocations, and in other funds, employed, used, held, available, or to be made available in connection with functions transferred or vested by this reorganization plan shall be transferred, at such time or times as the Director of the Bureau of the Budget shall direct, as follows:

[(1) So much of those relating to functions transferred to or vested in the Director or the Administration as the Director of the Bureau of the Budget shall determine shall be transferred to the Administration.

[(2) Those of the Institute of Inter-American Affairs shall be transferred along with the Institute.

[(3) So much of those relating to the functions transferred by section 6 hereof as the Director of the Bureau of the Budget shall determine shall be transferred to the agency or agencies of the Government to which the President delegates the said functions.

[(b) Such further measures and dispositions as the Director of the Bureau of the Budget shall deem to be necessary in order to effectuate the transfers provided for in subsection (a) of this section shall be carried out in such manner as he shall direct and by such agencies as he shall designate.

**[SEC. 8. *Abolitions.*** (a) There are hereby abolished:

**[**(1) The offices of Director for Mutual Security and Deputy Director for Mutual Security, provided for in sections 501 and 504, respectively, of the Mutual Security Act of 1951, as amended (including the organization in the Executive Office of the President known as the Office of the Director for Mutual Security).

**[**(2) The Mutual Security Agency.

**[**(3) The title of Administrator provided for in the Mutual Defense Assistance Control Act.

**[**(4) The four positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended.

**[**(5) The offices of Administrator and Deputy Administrator for Technical Cooperation, provided for in section 413(a) of the Act for International Development, as amended, together with the functions vested in the Administrator by the said section 413(a), as amended.

**[**(6) The offices of the Special Representative in Europe and Deputy Special Representative in Europe, provided for in section 504(a) of the Mutual Security Act of 1951, as amended. The abolition of the said offices of Representatives, and Deputy Representative shall become effective on September 1, 1953 (unless a later date is required by the provisions of section 6(a) of the Reorganization Act of 1949, as amended).

**[**(b) The Director shall wind up any outstanding affairs of the aforesaid abolished agencies and offices not otherwise provided for in this reorganization plan.

**[SEC. 9. *Interim provisions.*** The President may authorize the persons who, immediately prior to the effective date of this reorganization plan, hold offices or occupy positions abolished by section 8 hereof to hold offices and occupy positions under section 1 hereof until the latter offices and positions are filled pursuant to the provisions of the said section 1 or by recess appointment, as the case may be, but in no event for any period extending more than 60 days after the said effective date, as follows:

**[**(a) The Director and Deputy Director for Mutual Security as the Director and Deputy Director of the Foreign Operations Administration, respectively.

**[**(b) The Administrator for Technical Cooperation and the person occupying the senior position provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the two senior positions created by section 1(d) thereof.

**[**(c) The Deputy Administrator for Technical Cooperation and the persons occupying the three positions provided for in section 406(e) of the Mutual Defense Assistance Act of 1949, as amended, to serve in the four positions created by section 1(d) hereof which have compensation at the rate of \$15,000 a year.]



## MUTUAL SECURITY ACT OF 1954, AS AMENDED

AN ACT To promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* [That this Act may be cited as the "Mutual Security Act of 1954." This Act is divided into chapters and titles, according to the following table of contents:

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[SEC. 2. STATEMENT OF POLICY.—(a) It is the sense of the Congress that peace in the world increasingly depends on wider recognition both in principle and practice, of the dignity and interdependence of men; and that the survival of free institutions in the United States can best be assured in a world wide atmosphere of expanded freedom.

[(b) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communists intimidation in many countries of the world, has helped Europe recover from the wounds of World War II, has supported defensive military preparations of nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

\* [(c) Programs authorized by this Act continue to serve the following principal purposes:

[(1) The Congress recognizes the basic identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, and to produce more goods and services, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings, and to establish responsible governments which will cooperate with other like-minded governments. The Congress declares it to be a primary objective and need of the United States, and one consistent with its tradition and ideals to share these strivings by providing assistance, with due regard for our other obligations, to peoples willing to work energetically toward these ends.

[(2) The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the nations it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue

so long as such danger to the peace of the world and to the security of the United States persists, to make available to other free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

[(d) It is the sense of the Congress that inasmuch as—

[(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe; and

[(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

[(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world;

those nations which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

[(e) It is the sense of the Congress that assistance provided under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units.

[(f) It is the sense of the Congress that inasmuch as—

[(1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and

[(2) the purposes of this Act are negated and the peace of the world is endangered when nations which receive assistance under this Act wage economic warfare against other nations assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

## [CHAPTER I—MILITARY ASSISTANCE

[SEC. 101. PURPOSE OF CHAPTER.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except in the common defense. The Congress



hereby finds that the efforts of the United States and other nations to promote peace and security require additional measures of support based upon the principle of continuous and effective self-help and mutual aid. It is the purpose of this chapter to authorize measures in the common defense, including the furnishing of military assistance to friendly nations and international organizations in order to promote the foreign policy, security, and general welfare of the United States and to facilitate the effective participation of such nations in arrangements for individual and collective self-defense. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

【The Congress reaffirms its previous expressions favoring the creation by the free peoples of the Far East and the Pacific of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties and to protect their security and independence.

【The Congress hereby reiterates its opposition to the seating in the United Nations of the Communist China regime as the representative of China. In the event of the seating of representatives of the Chinese regime in the Security Council or General Assembly of the United Nations, the President is requested to inform the Congress insofar as is compatible with the requirements of national security, of the implications of this action upon the foreign policy of the United States and our foreign relationships, including that created by membership in the United Nations, together with any recommendations which he may have with respect to the matter.

【SEC. 102. GENERAL AUTHORITY.—Military assistance may be furnished under this chapter on a grant or loan basis and upon such other appropriate terms as may be agreed upon, by the procurement from any source and the transfer to eligible nations and international organizations of equipment, materials, and services or by the provision of any service, including the assignment or detail of members of the Armed Forces and other personnel of the Department of Defense solely to assist in an advisory capacity or to perform other duties of a non-combatant nature, including military training or advice.

【SEC. 103. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

【(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of

carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

[(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

[(d) The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed \$55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(e) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.

[SEC. 104. INFRASTRUCTURE.—(a) The President is authorized to make contributions to infrastructure programs of the North Atlantic Treaty Organization, in accordance with agreements made between the member nations, out of funds made available pursuant to this section, or section 103, or chapter IX of the Supplemental Appropriation Act, 1953, of amounts totaling not more than \$1,000,000,000, less amounts already contributed for such purpose. Such contributions by the United States shall not exceed its proportionate share, as heretofore agreed upon, of the expenses of such programs.

[(b) When the President determines that it is in the interest of the security of the United States to participate in programs for the acquisition or construction of facilities in foreign nations for collective defense other than programs of the North Atlantic Treaty Organization, he may use for such purpose funds made available under section 103 or local currencies made available under section 402 in amounts totaling not more than \$50,000,000.

[(c) Notwithstanding section 501 of this Act, no funds other than those referred to in subsections (a) and (b) of this section may be expended for the purposes of this section. No funds shall be expended under this section for rental or purchase of land or for payment of taxes.

[SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and



which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

[(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

[(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

[(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

[(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard basic rights and liberties, and to protect their security and independence.

[(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics.

[(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

**[SEC. 106. SALE OF MILITARY EQUIPMENT, MATERIALS, AND SERVICES.—**(a) The President may, in order to carry out the purpose of this chapter, sell or enter into contracts (without requirement for charge to any appropriation or contract authorization) for the procurement for sale of equipment, materials, or services to any nation or international organization: *Provided*, That prior to the transfer of any such equipment, materials, or services to any nation which has not signed an agreement under section 142 of this Act or joined with the United States in a regional collective defense arrangement, the President shall have received commitments satisfactory to him that such equipment, materials, or services are required for and will be used by such nation solely to maintain its internal security, its legitimate self-defense, or to permit it to participate in the defense of the area of which it is a part, or in collective security arrangements and measures consistent with the Charter of the United Nations, and that it will not undertake any act of aggression against any other state.

**[**(b) Whenever equipment or materials are sold from the stocks of or services are rendered by any United States Government agency to any nation or international organization as provided in subsection (a), such nation or international organization shall first make available the fair value, as determined by the President, of such equipment, materials, or services before delivery or, when the President determines it to be in the best interests of the United States, within sixty days thereafter or, as determined by the President, within a reasonable period not to exceed three years. The fair value for the purpose of this subsection shall not be less than the value as defined in subsection (h) of section 545: *Provided*, That with respect to excess equipment or materials the fair value may not be determined to be less than (i) the minimum value specified in that subsection plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater. Before a contract for new production is entered into, or rehabilitation work is undertaken, such nation or international organization shall (A) provide the United States with a dependable undertaking to pay the full amount of such contract or the cost of such rehabilitation which will assure the United States against any loss on the contract or rehabilitation work, and (B) shall make funds available in such amounts and at such times as may be necessary to meet the payments required by the contract or the rehabilitation work in advance of the time such payments are due, in addition to the estimated amount of any damages and costs that may accrue from the cancellation of such contract or rehabilitation work.

**[**(c) Sections 105, 141, and 142 shall not apply with respect to assistance furnished under this section.

**[SEC. 107. WAIVERS OF LAW.—**(a) The President may perform any of the functions authorized under this chapter without regard to (1) the provisions of title 10, United States Code, section 7307(a), and (2) such provisions as he may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

**[**(b) Notwithstanding the provisions of title 10, United States Code, sections 3544(b) and 8544(b), personnel of the Department of Defense may be assigned or detailed to any civil office for the purpose of enabling the President to furnish assistance under this Act.



## [CHAPTER II—ECONOMIC ASSISTANCE

## [TITLE I—DEFENSE SUPPORT

[SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort: *Provided*, That either all documents, papers, communications, audits, reviews, findings, recommendations, reports and other material which relate to operations or activities under this title are furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this title, upon request of the General Accounting Office or such committee or subcommittee as the case may be, or the President certifies that he has forbidden the information to be furnished pursuant to such request and gives his reasons for doing so. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

[(b) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1961 to carry out the purposes of this section not to exceed \$675,000,000, which shall remain available until expended.

[(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

[(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

[SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. No defense support or military equipment and materials shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provi-

sions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

[SEC. 142. AGREEMENTS.—(a) No defense support or military equipment and materials shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

[(1) join in promoting international understanding and good will, and maintaining world peace;

[(2) take such action as may be mutually agreed upon to eliminate causes of international tension;

[(3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreements or treaties to which the United States is a party;

[(4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;

[(5) take all reasonable measures which may be needed to develop its defense capacities;

[(6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;

[(7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;

[(8) maintain the security of any article, service, or information furnished under chapter I;

[(9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;

[(10) permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.

[(b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and

[(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

[(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

[(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which



new funds authorized by this Act would themselves be available: *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

**[SEC. 143. ASSISTANCE TO YUGOSLAVIA.—**In furnishing assistance to Yugoslavia, the President shall continuously assure himself (1) that Yugoslavia continues to maintain its independence, (2) that Yugoslavia is not participating in any policy or program for the Communist conquest of the world, and (3) that the furnishing of such assistance is in the interest of the national security of the United States. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and constantly informed of any assistance furnished to Yugoslavia under this Act.

**[SEC. 144. SOUTHEAST ASIA.—**Assistance under this title or chapter I shall be made available subject to the provisions of sections 141 and 142, except that (1) in the case of assistance to the Associated States of Cambodia, Laos, and Vietnam, and (2) in the case of assistance (not to exceed in the aggregate 10 per centum of the amount appropriated pursuant to section 121, excluding unexpended balances of prior appropriations) to other nations in the area of southeast Asia, the President may waive specific provisions of section 142 to the extent he may deem necessary in the national interest to carry out the purposes of this Act. The President or such officer as he may designate shall report each instance of such waiver to the Foreign Relations, Appropriations, and Armed Services Committees of the Senate and the Speaker of the House of Representatives within thirty days.

## **[TITLE II—DEVELOPMENT LOAN FUND**

**[SEC. 201. DECLARATION OF PURPOSE.—**The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such people if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or elimi-

nate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climax favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry. The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing. It is the sense of the Congress, that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field.

[SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purpose of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

[(b) The Fund is hereby authorized to make loans, credits, or guarantees, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any



obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

[(c) The Fund shall not allocate, reserve, earmark, commit, or otherwise set aside, funds aggregating in excess of \$50,000 for use in any country under this title unless (1) an application for such funds has been received for use in such country together with sufficient information and assurances to indicate reasonably that the funds will be used in an economically and technically sound manner, or (2) the President determines with respect to each such allocation, reservation, earmarking, commitment, or set-aside that it is in the national interest to use such funds pursuant to multilateral plans.

[SEC. 203. CAPITALIZATION.—There is hereby authorized to be appropriated to the President at any time after enactment of the Mutual Security Act of 1959 without fiscal year limitation for advances to the Fund after June 30, 1959, not to exceed \$1,800,000,000 of which not to exceed \$700,000,000 may be advanced prior to July 1, 1960, and not to exceed an additional \$1,100,000,000 may be advanced prior to July 1, 1961.

[SEC. 204. FISCAL PROVISIONS.—(a) All receipts from activities or transactions under this title shall be credited to the Fund and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of this title.

[(b) The Fund is authorized to incur, in accordance with the provisions of this title, obligations in amounts which may not at any time exceed the assets of the Fund. The term "assets of the Fund" as used in this section shall mean the amount of liquid assets of the Fund at any given time including any amount of capitalization made available pursuant to section 203 of this Act which has not been advanced to the Fund as of such time. The assets of the Fund shall be available without fiscal year limitation for any obligations or expenditures in connection with the performance of functions under this title.

[(c) The Fund shall be deemed to be a wholly owned Government corporation and shall accordingly be subject to the applicable provisions of the Government Corporation Control Act, as amended.

[SEC. 205. MANAGEMENT, POWERS AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors

(hereinafter referred to in this title as the "Board") consisting of the Secretary of State, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

[(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

[(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures



of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptance including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the Fund or its operations from the application of sections 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.

[(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over

the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

[(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

[SEC. 206. NATIONAL ADVISORY COUNCIL.—The fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

### [TITLE III—TECHNICAL COOPERATION

[SEC. 301. DECLARATION OF PURPOSE.—It is the policy of the United States and the purpose of this title to aid the efforts of the peoples of economically underdeveloped areas to develop their resources and improve their working and living conditions by encouraging the exchange of technical knowledge and skills and the flow of investment capital to countries which provide conditions under which such technical assistance and capital can effectively and constructively contribute to raising standards of living, creating new sources of wealth, increasing productivity and expanding purchasing power.

[SEC. 302. GENERAL AUTHORITY AND DEFINITION.—The President is authorized to furnish assistance in accordance with the provisions of this title through bilateral technical cooperation programs. As used in this title, the term "technical cooperation programs" means programs for the international interchange of technical knowledge and skills designed to contribute primarily to the balanced and integrated development of the economic resources and productive capacities of economically underdeveloped areas. Such activities shall be limited to economic, engineering, medical, educational, labor, agri-



cultural, forestry, fishery, mineral, and fiscal surveys, demonstration, training and similar projects that serve the purpose of promoting the development of economic resources, productive capacities, and trade of economically underdeveloped areas, and training in public administration. The term "technical cooperation programs" does not include such activities authorized by the United States Information and Educational Exchange Act of 1948 (62 Stat. 6) as are not primarily related to economic development, nor activities undertaken now or hereafter pursuant to the International Aviation Facilities Act (62 Stat. 450), nor activities undertaken now or hereafter in the administration of areas occupied by the United States Armed Forces.

**[SEC. 303. PREREQUISITES TO ASSISTANCE.—**Assistance shall be made available under section 302 of this Act only where the President determines that the nation being assisted—

**[(a)** pays a fair share of the cost of the program;

**[(b)** provides all necessary information concerning such program and gives the program full publicity;

**[(c)** seeks to the maximum extent possible full coordination and integration of technical cooperation programs being carried on in that nation;

**[(d)** endeavors to make effective use of the results of the program; and

**[(e)** cooperates with other nations participating in the program in the mutual exchange of technical knowledge and skills.

**[SEC. 304. AUTHORIZATION.—**There is hereby authorized to be appropriated to the President to remain available until expended not to exceed \$172,000,000 for use beginning in the fiscal year 1961 to carry out the purposes of this title.

**[SEC. 305. LIMITATION ON USE OF FUNDS.—**Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

**[SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—**As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

**[(a)** \$33,000,000 for the fiscal year 1961 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided*, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

**[(b)** \$1,500,000 for the fiscal year 1961 for contributions to the technical cooperation program of the Organization of American States.

**[SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—**(a) The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

**[**(b) The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed \$10,000 from funds made available pursuant to section 304 of this Act may be used to help defray the expenses of such a study.

#### **[TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS**

**[SEC. 400. SPECIAL ASSISTANCE.—**(a) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$256,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

**[**(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

**[**(c) The President is authorized to use not to exceed \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Develop-



ment and Assistance Act of 1954, as amended, and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.

**[SEC. 401. UNITED NATIONS EMERGENCY FORCE.—**The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1961 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.]

**SEC. 402. EARMARKING OF FUNDS.—**Of the funds authorized to be made available in the fiscal year 1961 pursuant to this Act (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies or the grant of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears

**[SEC. 403. RESPONSIBILITIES IN GERMANY.—**The President is hereby authorized to use during the fiscal year 1961 not to exceed \$6,750,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of

December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

**[SEC. 404. INDUS BASIN DEVELOPMENT.**—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.]

**SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.**—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

**[(b)** Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.]

**(c)** There is hereby authorized to be appropriated for the fiscal year 1961 not to exceed \$1,300,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

**(d)** There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.



**[SEC. 406. CHILDREN'S WELFARE.—**There is hereby authorized to be appropriated not to exceed \$12,000,000 for the fiscal year 1961 for contributions to the United Nations Children's Fund.

**[SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—**There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$16,500,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East. In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. It is the sense of the Congress that the earliest possible rectification should be made of the Palestine refugee rolls in order to assure that only bona fide refugees whose need and eligibility for relief have been certified shall receive aid from the Agency and that the President in determining whether or not to make United States contributions to the Agency should take into consideration the extent and success of efforts by the Agency and the host governments to rectify such relief rolls. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act a report concerning the progress made toward the rectification of the relief rolls as well as toward the repatriation and resettlement of the refugees by the governments directly concerned. Whenever the President shall determine that it would more effectively contribute to the relief, repatriation, and resettlement of Palestine refugees in the Near East he may expend any part of the funds made available pursuant to this section through any other agency he may designate.]

**SEC. 408. NORTH ATLANTIC TREATY ORGANIZATION.—**(a) In order to provide for United States participation in the North Atlantic Treaty Organization, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its share of the expenses of the Organization and all necessary salaries and expenses of the United States permanent representative to the Organization, of such persons as may be appointed to represent the United States in the subsidiary bodies of the Organization or in any multilateral organization which participates in achieving the aims of the North Atlantic Treaty, and of their appropriate staffs, and the expenses of participation in meetings of such organizations, including salaries, expenses, and allowances of personnel and dependents as authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), and allowances and expenses as provided in section 6 of the Act of July 30, 1946 (22 U.S.C. 287r).

(b) The United States permanent representative to the North Atlantic Treaty Organization shall be appointed by the President by and with the advice and consent of the Senate and shall hold office at the pleasure of the President. Such representative shall have the rank and status of ambassador extraordinary and plenipotentiary and shall be a chief of mission, class 1, within the meaning of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(c) Persons detailed to the international staff of the North Atlantic Treaty Organization in accordance with section 529 of this Act who are appointed as Foreign Service Reserve Officers may serve for periods of more than five years notwithstanding the limitation in section 522 of the Foreign Service Act of 1946, as amended (22 U.S.C. 922).

**[SEC. 409. OCEAN FREIGHT CHARGES.—(a)** In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas, or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points of entry in such nations and areas, on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

**[(b)** Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

**[(c)** There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$2,000,000 to carry out the purposes of this section.

**[(d)** In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

**[SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a)** Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

**[(b)** There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$40,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering nonmilitary assistance).

**[(c)** There are authorized to be appropriated for expenses of the Department of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.]

**(d)** Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations gov-



erning the obligation and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

**[SEC. 413. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—**(a) The Congress recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to the economic progress and defensive strength of the free world. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other free nations to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of other free nations, through private trade and investment abroad, private participation in the programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

**[(b)** In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President—

**[(1)** shall make arrangements to find and draw the attention of private enterprise to opportunities for investment and development in other free nations;

**[(2)** shall accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, nations participating in programs under this Act;

**[(3)** shall, consistent with the security and best interests of the United States, seek compliance by other countries or a dependent area of any country with all treaties for commerce and trade and taxes and shall take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or dependent area thereof in violation of any such treaty; and

**[(4)** may make, through an agency responsible for administering nonmilitary assistance under this Act, until June 30, 1967, under rules and regulations prescribed by him, guaranties to any person of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any nation with which the United States has agreed to institute the guaranty program: *Provided, That—*

**[(A)** such projects shall be approved by the President as furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act, and by the nation concerned;

**[(B)** the guaranty to any person shall be limited to assuring any or all of the following:

[(i) the transfer into United States dollars of other currencies, or credits in such currencies, received by such person as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof;

[(ii) the compensation in United States dollars for loss of all or any part of the investment in the approved project which shall be found by the President to have been lost to such person by reason of expropriation or confiscation by action of the government of a foreign nation or by reason of war;

[(C) when any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, assets, or investment on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim or cause of action existing in connection therewith;

[(D) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the President plus actual earnings or profits on said project to the extent provided by such guaranty, and shall be limited to a term not exceeding twenty years from the date of issuance;

[(E) a fee shall be charged in an amount not exceeding 1 per centum per annum of the amount of each guaranty under clause (i) of subparagraph (B), and not exceeding 4 per centum of the amount of each guaranty under clause (ii) of such subparagraph, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this section until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section: *Provided*, That in the event the fee to be charged for a type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced;

[(F) the President is authorized to issue guaranties up to a total face value of \$1,000,000,000 exclusive of informational media guaranties heretofore and hereafter issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)): *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, and funds realized after June 30, 1955, from the sale of currencies or other assets acquired pursuant to subparagraph (C), shall be available for allocation to other guaranties, and the foregoing limitation shall be increased to the extent that such funds become available. Any payments made to discharge liabilities under guaranties issued under this paragraph shall be paid



out of fees collected under subparagraph (E) as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of currencies or other assets acquired pursuant to subparagraph (C) and notes which have been issued under authority of paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, and authorized to be issued under this paragraph by the Director of the International Cooperation Administration or such other officer as the President may designate, when necessary to discharge liabilities under any such guaranty: *Provided*, That all guaranties issued after June 30, 1956, pursuant to this paragraph shall be considered for the purposes of sections 3679 (31 U.S.C. 665) and 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States of such guaranties; and the President shall, in the submission to the Congress of the reports required by section 534 of this Act, include information on the operation of this paragraph: *Provided further*, That at all times funds shall be allocated to all outstanding guaranties issued prior to July 1, 1956, exclusive of informational media guaranties issued pursuant to section 1011 of the Act of January 27, 1948, as amended (22 U.S.C. 1442), and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, equal to the sum of the face value of said guaranties. For the purpose of this paragraph the Director of the International Cooperation Administration or such other officer as the President may designate is authorized to issue notes (in addition to the notes heretofore issued pursuant to paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended) in an amount not to exceed \$37,500,000, and on the same terms and conditions applicable to notes issued pursuant to said paragraph 111(c)(2);

[(G) the guaranty program authorized by this paragraph shall be used to the maximum practicable extent and shall be administered under broad criteria so as to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped areas or, in the case of guaranties issued prior to January 1, 1960, on the basis of applications submitted prior to July 1, 1959, any of the purposes of this Act;

[(H) as used in this paragraph—

[(i) the term “person” means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States, and

[(ii) the term “investment” includes any contribution of capital goods, materials, equipment, services, patents, processes, or techniques by any person in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such

project, and (4) the furnishing of capital goods items and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made.

[(c) Under the direction of the President, the Departments of State and Commerce and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international trade, foreign investment, and business operations in foreign countries, shall conduct annual studies to keep the data up to date of the ways and means in which the role of private sector of the national economy can be more effectively utilized and protected in carrying out the purposes of this Act, so as to promote the foreign policy of the United States, to stabilize and to expand its economy and to prevent adverse effects, with special reference to areas of substantial labor surplus, and to the net position of the United States in its balance of trade with the rest of the world. Such studies shall include specific recommendations for such legislative and administrative action as may be necessary to expand the role of private enterprise in advancing the foreign policy objectives of the United States.]

[(d) Under the direction of the President, the Department of State and such other agencies of the Government as the President shall deem appropriate shall conduct a study of methods by which the United States and other nations including those which are parties to regional agreements for economic cooperation to which the United States is a party, or any of them, might best together formulate and effectuate programs of assistance to strengthen the economies of free nations so as to advance the principal purposes of this Act, as stated in section 2 thereof.]

SEC. 414. MUNITIONS CONTROL.—(a) The President is authorized to control, in furtherance of world peace and the security and foreign policy of the United States, the export and import of arms, ammunition, and implements of war, including technical data relating thereto, other than by a United States Government agency. The President is authorized to designate those articles which shall be considered as arms, ammunition, and implements of war, including technical data relating thereto, for the purposes of this section.

(b) As prescribed in regulations issued under this section, every person who engages in the business of manufacturing, exporting, or importing any arms, ammunition, or implements of war, including technical data relating thereto, designated by the President under subsection (a) shall register with the United States Government agency charged with the administration of this section, and, in addition, shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance program of the United States, whether or not advanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

(c) Any person who willfully violates any provision of this section or any rule or regulation issued under this section, or who willfully,



in a registration or license application, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than \$25,000 or imprisoned not more than two years, or both.

**[SEC. 415. ASSISTANCE TO INTERNATIONAL ORGANIZATIONS.—**Whenever it will assist in achieving purposes declared in this Act, the President is authorized to use funds available under sections 131 and 403 in order to furnish assistance, including by transfer of funds, directly to the North Atlantic Treaty Organization and the Organization for European Economic Cooperation, for a strategic stockpile of foodstuffs and other supplies, or for other purposes.

**[SEC. 416. FACILITATION AND ENCOURAGEMENT OF TRAVEL.—**The President, through such officer or commission as he may designate, shall facilitate and encourage, without cost to the United States except for administration expenses, the promotion and development of travel by citizens of the United States to and within countries receiving assistance under this Act and travel by citizens of such countries to the United States. To this end, under the direction of the President, the Departments of State and Commerce, the agency primarily responsible for administering nonmilitary assistance under this Act and such other agencies of the Government as the President shall deem appropriate, in cooperation to the fullest extent practicable with private enterprise concerned with international travel, shall conduct a study of barriers to international travel and ways and means of promoting, developing, encouraging, and facilitating such travel in the mutual interests of the United States and countries assisted under this Act.]

**SEC. 417. IRISH COUNTERPART.—**Pursuant to section 115(b)(6) of the Economic Cooperation Act of 1948, as amended, the disposition within Ireland of the unencumbered balance, in the amount of approximately 6,000,000 Irish pounds, of the special account of Irish funds established under article IV of the Economic Cooperation Agreement between the United States of America and Ireland, dated June 28, 1948, for the purposes of—

(1) scholarship exchange between the United States and Ireland;

(2) other programs and projects (including the establishment of an Agricultural Institute) to improve and develop the agricultural production and marketing potential of Ireland and to increase the production and efficiency of Irish industry;

(3) development programs and projects in aid of the foregoing objectives, is hereby approved, as provided in the agreement between the Government of the United States of America and the Government of Ireland, dated June 17, 1954.

**[SEC. 419. ATOMS FOR PEACE.—**(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$3,400,000 to carry out the purposes of this section.

**[(b)** The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

[(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

[SEC. 420. MALARIA ERADICATION.—The Congress of the United States, recognizing that the disease of malaria, because of its widespread prevalence, debilitating effects, and heavy toll in human life, constitutes a major deterrent to the efforts of many peoples to develop their economy resources and productive capacities and to improve their living conditions, and further recognizing that it now appears technically feasible to eradicate this disease, declares it to be the policy of the United States and the purpose of this section to assist other peoples in their efforts to eradicate malaria. The President is hereby authorized to use funds made available under this Act (other than chapter I and title II of chapter II) to furnish to such nations, organizations, persons or other entities as he may determine, and on such terms and conditions as he may specify, financial and other assistance to carry out the purpose of this section: *Provided*, That this section shall not affect the authority of the Development Loan Fund to make loans for such purpose, so long as such loans are made in accordance with the provisions of title II of chapter II.

[SEC. 421. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped nations, and in nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

### [CHAPTER III—CONTINGENCY FUND

[SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia, or



the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

[(b) There is hereby authorized to be appropriated to the President for the fiscal year 1961 not to exceed \$150,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

[(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

#### [CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

[SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.]

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;
- (2) for purchase of goods or services in friendly nations;

(3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

(4) for developing new markets on a mutually beneficial basis;

(5) for grants-in-aid to increase production for domestic needs in friendly countries; and

(6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended and the amounts of dollar expenditures made from appropriated funds in connection with travel outside the United States, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall prepare a consolidated report showing the total itemized expenditures during the preceding calendar year of the committee and each subcommittee thereof, and of each member and employee of such committee or subcommittee, and shall forward such consolidated report to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

[(c) It is the sense of the Congress that prompt and careful consideration should be given to participation by the United States in an internationally financed program which would utilize foreign currencies available to the United States to preserve the great cultural monuments of the Upper Nile. Accordingly, the President is requested to submit to the Congress on or before March 1, 1961, his recommendations concerning such a program.

[SEC. 503. TERMINATION OF ASSISTANCE.—(a) If the President determines that the furnishing of assistance to any nation under any provision of this Act—

[(1) is no longer consistent with the national interest or security or the foreign policy of the United States; or



[(2) would no longer contribute effectively to the purposes for which such assistance is furnished; or

[(3) is no longer consistent with the obligations and responsibilities of the United States under the Charter of the United Nations,

he shall terminate all or part of any assistance furnished pursuant to this Act. If the President determines that any nation which is receiving assistance under chapter I of this Act is not making its full contribution to its own defense or to the defense of the area of which it is a part, he shall terminate all or part of such assistance. Assistance to any nation under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for twelve months from the date of termination under this section for the necessary expenses of liquidating assistance programs.

[(b) In any case in which the President determines that a nation has hereafter nationalized or expropriated the property of any person as defined in section 413(b) and has failed within six months of such nationalization or expropriation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall, unless he determines it to be inconsistent with the national interest, suspend assistance under this Act to such nation until he is satisfied that appropriate steps are being taken.

[(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance whereby, wherever practicable, such grant assistance shall be progressively reduced and terminated.

[SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

[(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds,

[(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

[(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

[(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

[(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible.

**[SEC. 505. LOAN ASSISTANCE AND SALES.—**(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including, cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

**[(b)** Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.



**[SEC. 506. PATENTS AND TECHNICAL INFORMATION.—(a)** As used in this section—

**[(1)** the term “invention” means an inventory or discovery covered by a patent issued by the United States; and

**[(2)** the term “information” means information originated by or peculiarly within the knowledge of the owner thereof and those in privity with him, which is not available to the public and is subject to protection as property under recognized legal principles.

**[(b)** Whenever, in connection with the furnishing of any assistance in furtherance of the purposes of this Act—

**[(1)** use within the United States, without authorization by the owner, shall be made of an invention; or

**[(2)** damage to the owner shall result from the disclosure of information by reason of acts of the United States or its officers or employees,

the exclusive remedy of the owner of such invention or information shall be by suit against the United States in the Court of Claims or in the District Court of the United States for the district in which such owner is a resident for reasonable and entire compensation for unauthorized use or disclosure. In any such suit the United States may avail itself of any and all defenses, general or special, that might be pleaded by any defendant in a like action.

**[(c)** Before such suit against the United States has been instituted, the head of the appropriate United States Government agency, which has furnished any assistance in furtherance of the purposes of this Act, is authorized and empowered to enter into an agreement with the claimant, in full settlement and compromise of any claim against the United States hereunder.

**[(d)** The provisions of the last sentence of section 1498 of title 28 of the United States Code shall apply to inventions and information covered by this section.

**[(e)** Except as otherwise provided by law, no recovery shall be had for any infringement of a patent committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt by the Government of a written claim under subsection (c) above for compensation for infringement of a patent and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as part of the six years, unless suit is brought before the last-mentioned date.

**[SEC. 507. AVAILABILITY OF FUNDS.—**Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act (other than sections 414 and 416) as authorized and appropriated to the President each fiscal year.

**[SEC. 508. LIMITATION ON FUNDS FOR PROPAGANDA.—**None of the funds herein authorized to be appropriated nor any counterpart funds shall be used to pay for personal services or printing, or for other expenses of the dissemination within the United States of general propaganda in support of the mutual security program, or to pay the travel or other expenses outside the United States of any citizen or group of citizens of the United States for the purpose of publicizing such program within the United States.

**[SEC. 509. SHIPPING ON UNITED STATES VESSELS.—**The ocean transportation between foreign countries of commodities, materials,

and equipment procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, or any other law relating to the ocean transportation of commodities, materials, and equipment on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

[SEC. 510. PURCHASE OF COMMODITIES.—No funds made available under title I of chapter II of this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment. A bulk purchase within the meaning of this section does not include the purchase of raw cotton in bales. Funds made available under title I or II of chapter II of this Act may be used for the procurement of commodities outside the United States unless the President determines that such procurement will result in adverse effects upon the economy of the United States, with special reference to any areas of labor surplus, or upon the industrial mobilization base or to the net position of the United States in its balance of trade with the rest of the world, which outweigh the economic advantages to the United States of less costly procurement abroad. In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient nation in accordance with the requirements of such nation, the President shall, insofar as practicable and where in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the nations receiving assistance under this Act.

[SEC. 511. RETENTION AND RETURN OF EQUIPMENT.—(a) No equipment or materials may be transferred under chapter I or title I of chapter II out of military stocks if the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such transfer would be detrimental to the national security of the United States, or that such equipment or materials are needed by the reserve components of the Armed Forces to meet their training requirements.

[(b) Any equipment, materials, or commodities procured to carry out this Act shall be retained by, or, upon reimbursement, transferred to and for the use of, such United States Government agency as the President may determine in lieu of being disposed of to a foreign nation or international organization whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities so retained may be disposed of without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodities or to conserve the usefulness thereof. Funds realized from any such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of



such equipment, materials, or commodities or to appropriations currently available for such procurement.

[(c) The President shall make appropriate arrangements with each nation receiving equipment or materials on a grant basis under chapter I for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any such equipment or materials which are no longer required for the purposes for which originally made available.

[SEC. 512. PENAL PROVISION.—Whoever offers or gives to anyone who is or in the preceding two years has been an employee or officer of the United States any commission, payment, or gift, in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, and whoever, being or having been an employee or officer of the United States in the preceding two years, solicits, accepts, or offers to accept any commission, payment, or gift in connection with the procurement of equipment, materials, commodities, or services under this Act in connection with which procurement said officer, employee, former officer or former employee is or was employed or performed duty or took any action during such employment, shall upon conviction thereof be subject to a fine not to exceed \$10,000 or imprisonment for not to exceed three years, or both: *Provided*, That this section shall not apply to persons appointed pursuant to sections 308 or 530(a) of this Act.

[SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds) and under the last clause of the second sentence of section 404, and copies of any certification as to loyalty under section 531 shall be filed with them.

[SEC. 514. INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES.—Foreign currencies or credits owed to or owned by the United States, where arising from this Act or otherwise, shall, upon a request from the Secretary of State certifying that such funds are required for the purpose of international educational exchange activities under programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, be reserved by the Secretary of the Treasury for sale to the Department of State for such activities on the basis of the dollar value at the time of the reservation.

**[SEC. 515. AUTHORIZATION FOR GRANT OF CONTRACT AUTHORITY.—**Provisions in this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

**[SEC. 516. PROHIBITION AGAINST DEBT RETIREMENT.—**None of the funds made available under this Act nor any of the counterpart funds generated as a result of assistance under this Act or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts: *Provided*, That to the extent that funds have been borrowed by any foreign government in order to make a deposit of counterpart and such deposit is in excess of the amount that would be required to be deposited pursuant to the formula prescribed by section 142(b) of this Act, such counterpart may be used in such country for any agreed purpose consistent with the provisions of this Act.

**[SEC. 517. COMPLETION OF PLANS AND COST ESTIMATES.—**(a) After June 30, 1958, no agreement or grant which constitutes an obligation of the United States in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, shall be made for any assistance authorized under title I, II, or III (except section 306) of chapter II, or section 400(a)—

**[(1)** if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed; and

**[(2)** if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within one year from the date the agreement or grant is made.

This section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans. To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section, except any agreement for assistance authorized under title II of chapter II, shall be made on a competitive basis.

**[(b)** Plans required under this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in Circular A-47 of the Bureau of the Budget with respect to such computations.

**[SEC. 521. DELEGATION OF AUTHORITY BY THE PRESIDENT.—**(a) Except as provided in subsection (b) and section 413(b)(4), the President may exercise any power or authority conferred on him by this Act through such agency or officer of the United States as he shall direct, and the head of such agency or such officer may from time to time promulgate such rules and regulations as may be necessary and proper to carry out functions under this Act and may delegate authority to perform any of such functions to his subordinates acting under his direction.



[(b) After June 30, 1955, the President shall exercise the powers conferred upon him under title III of chapter II of this Act through the Secretary of State.

[(c) The President shall continue to exercise the powers conferred on him under title I of chapter II, relating to defense support, only through the Secretary of State and his subordinates.

[SEC. 522. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.— (a) The President may allocate or transfer to any United States Government agency any part of any funds available for carrying out the purposes of this Act, including any advance to the United States by any nation or international organization for the procurement of equipment or materials or services. Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the Government agencies to which such funds are allocated or transferred. Funds allocated to the Department of Defense shall be governed as to reimbursement by the procedures of subsection (c) of this section.

[(b) Any officer of the United States performing functions under this Act may utilize the services and facilities of, or procure commodities from, any United States Government agency as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury. The Administrator of General Services is authorized to maintain in a separate consolidated account, which shall be free from fiscal year limitations, payments received by the General Services Administration for administrative surcharges in connection with procurement services performed by the General Services Administration in furtherance of the purposes of this Act. Such payments shall be in amounts mutually acceptable to the General Services Administration and the United States Government agency which finances the procurement, and these amounts shall be available for administrative expenses incurred by the General Services Administration in performing such procurement services.

[(c) Reimbursement shall be made to any United States Government agency, from funds available to carry out chapter I of this Act, for any assistance furnished under that chapter from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 545) of the equipment and materials, services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under that chapter. The amount of any such reimbursement shall be credited as reimbursable receipts to current applicable appropriations, funds, or accounts of such agency and shall be available for, and under the authority applicable to, the purposes for which such appropriations, funds, or accounts are authorized to be used, including the procurement of equipment and materials or services, required by such agency, in the same general category as those furnished by it or authorized to be procured by it and expenses arising from and incident to such procurement.

[(d) In the case of any commodity, service, or facility procured from any United States Government agency under any provision of this Act other than chapter I, reimbursement or payment shall be made

to such agency from funds available to carry out such provision. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by owning or disposal agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that such replacement is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

[(e) In furnishing assistance under this Act and in making surplus agricultural commodities available under section 402 accounts may be established on the books of any United States Government agency or on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, against which (i) letters of commitment may be issued which shall constitute obligations of the United States, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended, and (ii) withdrawals may be made by recipient nations or agencies, organizations or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

[(f) Any appropriation made to carry out the provisions of this Act may initially be charged, within the limits of available funds, to finance expenses for which funds are available in other appropriations made under this Act: *Provided*, That as of the end of the same fiscal year such expenses shall be finally charged to applicable appropriations with proper credit to the appropriations initially utilized for financing purposes.

[SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

[(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

[(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.]



(d) Whenever the President determines that the achievement of United States foreign policy objectives in a given country requires it, he may direct the chief of the United States diplomatic mission there to issue regulations applicable to members of the Armed Forces and officers and employees of the United States Government, and to contractors with the United States Government and their employees governing the extent to which their pay and allowances received and to be used in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations.

**[SEC. 524. THE SECRETARY OF DEFENSE.—**(a) In the case of aid under chapter I of this Act, the Secretary of Defense shall have primary responsibility for—

- [**(1) the determination of military end-item requirements;
- [**(2) the procurement of military equipment in a manner which permits its integration with service programs;
- [**(3) the supervision of end-item use by the recipient countries;
- [**(4) the supervision of the training of foreign military personnel;
- [**(5) the movement and delivery of military end-items; and
- [**(6) within the Department of Defense, the performance of, any other functions with respect to the furnishing of military assistance.

**[**(b) The establishment of priorities in the procurement, delivery and allocation of military equipment shall be determined by the Secretary of Defense.

**[SEC. 525. FOREIGN OPERATIONS ADMINISTRATION.—**The President may transfer to any agency or officer of the United States, and may modify or abolish, any function, office, or entity of the Foreign Operations Administration (including any function, office or entity thereof transferred to any other agency) or any officer or employee thereof, and may transfer such personnel, property, records, and funds as may be necessary incident thereto: *Provided*, That such authority conferred by this sentence shall be exercised in accordance with applicable laws and regulations relating to the Civil Service and Veterans' Preference.

**[SEC. 526. MISSIONS AND STAFFS ABROAD.—**The President may maintain special missions or staffs abroad in such nations and for such periods of time as may be necessary to carry out this Act. Such special mission or staff shall be under the direction of a chief. The chief and his deputy shall be appointed by the President and may, notwithstanding any other law, be removed by the President at his discretion. The chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946 (22 U.S.C. 801), or (2) compensation and allowances in accordance with section 527(c) of this Act, as the President shall determine to be appropriate. If a Foreign Service Officer shall be appointed by the President to a position under this section, the period of his service in such capacity shall be considered as constituting an assignment for duty within the meaning of section 571 of the Foreign Service Act of 1946, as amended, and such person shall not, by virtue of his acceptance of such an assignment, lose his status as a Foreign Service Officer.

**[SEC. 527. EMPLOYMENT OF PERSONNEL.—**(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

**[(b)** Of the personnel employed in the United States on programs authorized by this Act, not to exceed seventy may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed forty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of \$20,000 per annum.

**[(c)** For the purpose of performing functions under this Act outside the United States, the President may—

**[(1)** employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder, including, in all cases, post differentials prescribed under section 433 of the Foreign Service Act, and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policy-making officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

**[(2)** utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.

**[(d)** For the purpose of performing functions under this Act outside the United States, the Secretary of State may appoint for the duration of operations under this Act alien clerks and employees in



accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

[(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

**[SEC. 528. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—**

(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail or assign any officer or employee of his agency to any office or position to which no compensation is attached with any foreign government or foreign government agency: *Provided*, That such acceptance of office shall in no case involve the taking of an oath of allegiance to another government.

[(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his privileges, rights, seniority, and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which assigned or detailed, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act.

**[SEC. 529. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—**(a) Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any United States Government agency is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with or as a member of the international staff of such organization, or to render any technical, scientific or professional advice or service to or in cooperation with such organization.

[(b) Any such officer or employee, while so assigned or detailed, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority and other benefits as such, an officer or employee of the Government of the United States and of the Government agency from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds available to that agency or made available to that agency out of funds authorized under this Act. He may also receive, under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes.

[(c) Details or assignments may be made under this section—

[(1) without reimbursement to the United States by the international organization;

[(2) upon agreement by the international organization to reimburse the United States for compensation, travel expenses, and allowances, or any part thereof payable to such officer or employee during the period of assignment or detail in accordance

with subsection (b) of this section; and such reimbursement shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

[(3) upon an advance of funds, property, or services to the United States accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the international organization; or

[(4) subject to the receipt by the United States of a credit to be applied against the payment by the United States of its share of the expenses of the international organization to which the officer or employee is detailed, such credit to be based upon the compensation, travel expenses and allowances, or any part thereof, payable to such officer or employee during the period of assignment or detail in accordance with subsection (b) of this section.

[SEC. 530. EXPERTS AND CONSULTANTS OR ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas), while so employed outside the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

[(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160), and regulations issued thereunder.

[SEC. 531. SECURITY CLEARANCE.—The standards and procedures set forth in Executive Order Numbered 10450, as amended or supplemented, shall apply to the employment under this Act by any agency administering nonmilitary assistance of any citizen or resident of the United States.

[SEC. 532. EXEMPTION OF PERSONNEL FROM CERTAIN FEDERAL LAWS.—(a) Service of an individual as a member of the Board established pursuant to section 308 of this Act or as an expert or consultant under section 530(a) shall not be considered as service or employment bringing such individual within the provisions of title 18, U.S.C., section 281, 283 or 284, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, require-



ments or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service; nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 6 of the Act of May 22, 1920, as amended (5 U.S.C. 715), section 212 of the Act of June 30, 1932, as amended (5 U.S.C. 59a), or any other Federal law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities. Contracts for the employment of retired military personnel with specialized research and development experience, not to exceed ten in number, as experts or consultants under section 530(a), may be renewed annually, notwithstanding section 15 of the Act of August 2, 1946 (5 U.S.C. 55a).

[(b) Notwithstanding section 2 of the Act of July 31, 1894 (5 U.S.C. 62), which prohibits certain retired officers from holding certain office, any retired officer of any of the services mentioned in the Career Compensation Act of 1949 may hold any office or appointment under this Act or the Mutual Defense Assistance Control Act of 1951, but the compensation of any such retired officer shall be subject to the provisions of the Act of June 30, 1932 (5 U.S.C. 59a), which does not permit retired pay to be added to the compensation received as a civilian officer.

[SEC. 533. WAIVERS OF CERTAIN FEDERAL LAWS.—Whenever the President determines it to be in furtherance of purposes declared in this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended) regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

[SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the "Office of the Inspector General and Comptroller", which shall be headed by an officer designated as the "Inspector General and Comptroller", whose salary shall be fixed at the annual rate of \$19,000, and who shall be appointed by the Secretary of State and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

[(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

[(c) The Inspector General and Comptroller shall have the following duties, in addition to those duties transferred to him under subsection (b) of this section:

[(1) Establishing or reviewing and approving a system of financial controls over programs of assistance authorized by this Act to insure compliance with applicable laws and regulations;

[(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established or approved under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

[(3) Establishing or reviewing and approving policies and standards providing for extensive internal audits of programs of assistance authorized by this Act;

[(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the appropriate officials of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

[(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

[(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

[(7) Establishing or reviewing and approving a system of financial and statistical reporting with respect to all programs of assistance authorized by this Act;

[(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs of assistance authorized by this Act;

[(9) Coordinating and cooperating with the General Accounting Office in carrying out his duties, to the extent that such duties are within areas of responsibility of the General Accounting Office; and

[(10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

[(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs: *Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

[SEC. 534. REPORTS.—(a) The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each fiscal year of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this



section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

[(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.]

SEC. 535. COOPERATION WITH NATIONS AND INTERNATIONAL ORGANIZATIONS.—(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this Act, and may make payments by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this Act, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities: *Provided*, That nothing in this section shall be construed to authorize the delegation to any international or foreign organization or agency of authority to decide the method of furnishing assistance under this Act to any country or the amount thereof.

[(b) Whenever the President determines it to be consistent with and in furtherance of the purposes and within the limitations of this Act, United States Government agencies, on request of international organizations, are authorized to furnish supplies, materials, and services, and on request of free nations, are authorized to furnish nonmilitary supplies, materials, and services, to such organizations and nations on an advance of funds or reimbursement basis. Such advances, or reimbursements which are received under this subsection within one hundred and eighty days after the close of the fiscal year in which such supplies, materials, and services are delivered, may be credited to the current applicable appropriation or fund of the agency concerned and shall be available for the purposes for which such appropriations and funds are authorized to be used.]

SEC. 536. JOINT COMMISSION ON RURAL RECONSTRUCTION IN CHINA.—The President is authorized to continue to participate in the Joint Commission on Rural Reconstruction in China and to appoint citizens of the United States to the Commission.

SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for Chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for:

[(1) rents in the District of Columbia;]

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C.

673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

[(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);]

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

[(9) insurance of official motor vehicles in foreign countries;

[(10) rental or lease outside the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;]

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the United States, at rates



not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711 of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized;

[(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrival at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

[(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

[(b) United States Government agencies are authorized to pay the cost of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

[(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed \$27,750,000 of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed \$4,250,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities

in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

[(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.]

(e) Funds available under this Act may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 527(c)(2) of this Act (through interchange or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 918, Eighty-fourth Congress, may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under title 5, United States Code, section 62 and any payments or contributions in connection therewith may, as deemed appropriate by the head of the United States Government agency authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however,* That any such payments to an employee in the nature of compensation shall be in lieu of or in reduction of compensation received from the Government of the United States.

[(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered, and the methods used, in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered and methods used in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces.]

[SEC. 541. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.]

[SEC. 542. STATUTES REPEALED.—(a) There are hereby repealed—

[(1) an Act to provide for assistance to Greece and Turkey, approved May 22, 1947, as amended;



[(2) the joint resolution to provide for relief assistance to the people of countries devastated by war, approved May 31, 1947, as amended;

[(3) the Foreign Aid Act of 1947;

[(4) the Foreign Assistance Act of 1948, as amended, including the Economic Cooperation Act of 1948, as amended, the International Children's Emergency Fund Assistance Act of 1948, as amended, the Greek-Turkish Assistance Act of 1948, and the China Aid Act of 1948, as amended;

[(5) the Mutual Defense Assistance Act of 1949, as amended;

[(6) the Foreign Economic Assistance Act of 1950, as amended; including the Economic Cooperation Act of 1950, the China Area Aid Act of 1950, as amended, the United Nations Palestine Refugee Aid Act of 1950, and the Act for International Development, as amended;

[(7) the Far Eastern Economic Assistance Act of 1950, as amended;

[(8) the Yugoslav Emergency Relief Assistance Act of 1950;

[(9) the Mutual Security Act of 1951, as amended;

[(10) the Mutual Security Act of 1952;

[(11) the Mutual Security Act of 1953;

[(12) section 12 of the joint resolution of Congress approved November 4, 1939 (54 Stat. 10; 22 U.S.C. 452);

[(13) section 4 of the Act of March 3, 1925 (50 Stat. 887; 50 U.S.C. 165); and

[(14) section 968 of title 18, United States Code.

[(b) References in other Acts to the Acts listed in subsection (a) shall hereafter be considered to be references to the appropriate provisions of this Act.

[(c) The repeal of the Acts listed in subsection (a) shall not be deemed to affect amendments contained in such Acts to acts not named in subsection (a).

[SEC. 543. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law repealed by section 542 shall continue in full force and effect until modified by appropriate authority.

[(b) Where provisions of this Act establish conditions which must be complied with before use may be made of authority contained in or funds authorized by this Act, compliance with substantially similar conditions under Acts named in section 542 shall be deemed to constitute compliance with the conditions established by this Act.

[(c) No person in the service or employment of the United States or otherwise performing functions under an Act repealed by section 542 or under section 408 shall be required to be reappointed or reemployed by reason of the entry into force of this Act, except that appointments made pursuant to section 110(a)(2) of the Economic Cooperation Act of 1948, as amended, shall be converted to appointments under section 527(c) of this Act.

[(d) Funds appropriated pursuant to provisions of this Act repealed subsequent to the time such funds are appropriated shall remain available for their original purposes in accordance with the provisions of law originally applicable thereto. References in any Act to provisions

of this Act repealed or stricken out by the Mutual Security Act of 1957 or subsequent Acts are hereby stricken out; and references in any Act to provisions of this Act redesignated by the Mutual Security Act of 1957 or subsequent Acts are hereby amended to refer to the new designations.

[SEC. 544. AMENDMENTS TO OTHER LAWS.—(a) Section 1 of Public Law 283, Eighty-first Congress, is repealed. The Institute of Inter-American Affairs, created pursuant to Public Law 369, Eightieth Congress (22 U.S.C. 281), shall have succession until June 30, 1960, and may make contracts for periods not to exceed five years: *Provided*, That any contract extending beyond June 30, 1960, shall be made subject to termination by the said Institute upon notice: *And provided further*, That the said Institute shall, on and after July 1, 1954, be subject to the applicable provisions of the Budget and Accounting Act, 1921, as amended (31 U.S.C. 1), in lieu of the provisions of the Government Corporation Control Act, as amended (31 U.S.C. 841).

[SEC. 545. DEFINITIONS.—For the purposes of this Act—

[(a) The term “commodity” includes any commodity, material, article, supply, or goods.

[(b) The term “surplus agricultural commodity” means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for dollars, as determined by the Secretary of Agriculture.

[(c) The terms “equipment” and “materials” shall mean any arms ammunition, or implements of war, or any other type of material, article, raw material, facility, tool, machine, supply or item that would further the purpose of chapter I, or any component or part thereof, used or required for use in connection therewith, or required in or for the manufacture, production, processing, storage, transportation, repair or rehabilitation of any equipment or materials, but shall not include merchant vessels.

[(d) The term “mobilization reserve” as used with respect to any equipment or materials, means the quantity of such equipment or materials determined by the Secretary of Defense under regulations prescribed by the President to be required to support mobilization of the Armed Forces of the United States in the event of war or national emergency until such time as adequate additional quantities of such equipment or materials can be procured.

[(e) The term “excess” as used with respect to any equipment or materials, means the quantity of such equipment or materials owned by the United States which is in excess of the mobilization reserve of such equipment or materials.

[(f) The term “services” shall include any service, repair, training of personnel, or technical or other assistance or information necessary to effectuate the purposes of this Act.

[(g) The term “Armed Forces of the United States” shall include any component of the Army of the United States, of the United States Navy, of the United States Marine Corps, of the Air Force of the United States, of the United States Coast Guard, and the Reserve components thereof.

[(h) The term “value” means—

[(1) with respect to any excess equipment or materials furnished under chapter I the gross cost of repairing, rehabilitating,



or modifying such equipment or materials prior to being so furnished;

[(2) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve (other than equipment or materials referred to in paragraph (3) of this subsection), the actual or the projected (computed as accurately as practicable) cost of procuring for the mobilization reserve an equal quantity of such equipment or materials or an equivalent quantity of equipment or materials of the same general type but deemed to be more desirable for inclusion in the mobilization reserve than the equipment or materials furnished;

[(3) with respect to any nonexcess equipment or materials furnished under chapter I which are taken from the mobilization reserve but with respect to which the Secretary of Defense has certified that it is not necessary fully to replace such equipment or materials in the mobilization reserve, the gross cost to the United States of such equipment and materials or its replacement cost, whichever the Secretary of Defense may specify; and

[(4) with respect to any equipment or materials furnished under chapter I which are procured for the purpose of being so furnished, the gross cost to the United States of such equipment and materials.

In determining the gross cost incurred by any agency in repairing, rehabilitating, or modifying any excess equipment furnished under chapter I, all parts, accessories, or other materials used in the course of repair, rehabilitation, or modification shall be priced in accordance with the current standard pricing policies of such agency. For the purpose of this subsection, the gross cost of any equipment or materials taken from the mobilization reserve means either the actual gross cost to the United States of that particular equipment or materials or the estimated gross cost to the United States of that particular equipment or materials obtained by multiplying the number of units of such particular equipment or materials by the average gross cost of each unit of that equipment and materials owned by the furnishing agency. Notwithstanding the foregoing provisions of this subsection (h) and for the purpose of establishing a more equitable pricing system for transactions between the military departments and the Mutual Defense Assistance Program, the Secretary of Defense shall prescribe at the earliest practicable date, through appropriate pricing regulations of uniform applicability, that the term "value" (except in the case of excess equipment or material) shall mean—

[(1) the price of equipment or materials obtaining for similar transactions between the Armed Forces of the United States; or

[(2) where there are no similar transactions within the meaning of paragraph (1), the gross cost to the United States adjusted as appropriate for condition and market value.

[(i) The term "United States Government agency" means any department, agency, board, wholly or partly owned corporation, or instrumentality, commission, or establishment of the United States Government.

[(j) The term "agency administering nonmilitary assistance" shall refer to the Development Loan Fund and any agency to which authorities and functions under title I, title III, or title IV of chapter

II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[(k) The term "officer administering nonmilitary assistance" shall refer to the Board of Directors of the Development Loan Fund and any officer to whom authorities and functions under title I, title III, or title IV of chapter II or under chapter III of this Act are delegated or assigned pursuant to authority contained in sections 521 and 525 of this Act.

[SEC. 546. CONSTRUCTION.—(a) If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and applicability of such provision to other circumstances or persons shall not be affected thereby.

[(b) Nothing in this Act shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011).

[(c) Nothing in this Act is intended nor shall it be construed as an expressed or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any nation or nations, or to any international organization.

[SEC. 548. UNEXPENDED BALANCES.—Unexpended balances of funds made available under authority of this Act are hereby authorized to be continued available for the general purposes for which appropriated, and may be consolidated with appropriations made available beginning in fiscal year 1957 for the same general purposes under the authority of this Act.

[SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

[SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses: *Provided, however,* That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act.

[SEC. 552. ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba after the date of enactment of the Mutual Security Act of 1960 unless the President determines that such assistance is in the national and hemispheric interest of the United States.]

## SECTION 12 OF THE MUTUAL SECURITY ACT OF 1955

AN ACT To amend the Mutual Security Act of 1954, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1955".

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**[SEC. 12.** It is hereby declared to be the continuing sense of the Congress that the Communist regime in China has not demonstrated its willingness to fulfill the obligations contained in the Charter of the United Nations and should not be recognized to represent China in the United Nations.]

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## SECTIONS 12, 13, AND 14 OF THE MUTUAL SECURITY ACT OF 1956

AN ACT To amend further the Mutual Security Act of 1954, as amended.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Mutual Security Act of 1956"

\* \* \* \* \*

### **[FOREIGN RESEARCH REACTOR PROJECTS**

**[SEC. 12.** (a) As one means of furthering peaceful uses of atomic energy on an international basis, there is hereby authorized to be appropriated to the President for the fiscal year 1957 not to exceed \$5,950,000 for use by the President, on such terms and conditions as he may specify, for research reactor projects undertaken or authorized by foreign governments which shall have entered into agreements for cooperation with the Government of the United States concerning the peaceful uses of atomic energy.

**[(b)** Nothing in this section shall alter, amend, revoke, repeal, or otherwise affect the provisions of the Atomic Energy Act of 1954.

**[(c)** The United States share of the cost of any reactor made available to another government or to other governments under this section shall not exceed \$350,000.

**[(d)** In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available media, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of the equipment furnished under this section as may be appropriately die-stamped as a product of the United States shall be so stamped.

**[SEC. 13.** It is the sense of Congress that not to exceed \$11,000,000 of the funds made available pursuant to the Mutual Security Act of 1954, as amended, for the fiscal year 1957 be transferred, in the discretion of the President, to the Department of State to carry out international educational exchange activities. Such amount is authorized to be transferred to and consolidated with funds made available to the Department of State for the fiscal year 1957 for the activities authorized by the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1431-1479), and by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)). The amount transferred pursuant to this section shall be in addition to funds otherwise appropriated for such activities, and not to exceed \$500,000 of the amount so transferred may be used for administrative expenses.

**[SEC. 14.** It is the sense of Congress that in the preparation of the mutual security program, the President should take fully into account

the desirability of affirmatively promoting the economic development of under-developed countries, both as a means of effectively counter-acting the increased political and economic emphasis of Soviet foreign policy and as a means of promoting fundamental American foreign policy objectives of political and economic self-determination and independence.】

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## SECTION 503 OF THE MUTUAL SECURITY ACT OF 1958

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1958".*

\* \* \* \* \*

### 【COOPERATION IN WESTERN HEMISPHERE

【SEC. 503. It is the sense of the Congress that, in view of the friendly relationships and mutual interests which exist between the United States and the other nations of the Western Hemisphere, the President should, pursuant to the provisions of the Mutual Security Act of 1954, as amended, and other applicable legislation, seek to strengthen cooperation in the Western Hemisphere to the maximum extent by encouraging joint programs of technical and economic development.】

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## SECTION 108 OF THE MUTUAL SECURITY APPROPRIATION ACT, 1959

AN ACT Making appropriations for Mutual Security for the fiscal year ending June 30, 1959, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1959, namely:*

### MUTUAL SECURITY

\* \* \* \* \*

【SEC. 108. Not to exceed 50 per centum of the foreign currencies heretofore generated in any country under section 402 of the Mutual Security Act of 1954, as amended, may, notwithstanding prior provisions of law, hereafter be used in accordance with the provisions of that section: *Provided*, That quarterly reports of the use of foreign currencies pursuant to this section shall be submitted to the Committees on Appropriations of the Senate and House of Representatives.】

This Act may be cited as the "Mutual Security Appropriation Act, 1959".



## SECTION 501, CHAPTER VI, AND SECTIONS 702 AND 703 OF THE MUTUAL SECURITY ACT OF 1959, AS AMENDED

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1959".*

\* \* \* \* \*

### CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

#### INTERNATIONAL COOPERATION IN HEALTH

【SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.】

\* \* \* \* \*

#### COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

### 【CHAPTER VI—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

#### 【STATEMENT OF PURPOSE

【SEC. 601. The purpose of this chapter is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a Center for Cultural and Technical Interchange Between East and West, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the East and the Western World, may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the

Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

### **[ESTABLISHMENT OF CENTER**

**[SEC. 602.** In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program for—

**[(1)** the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

**[(2)** grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and Western World as may be necessary to attract such scholars and authorities to the Center;

**[(3)** grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

**[(4)** making the facilities of the Center available for study to other qualified persons on reasonable basis.

### **[AUTHORIZATION OF APPROPRIATIONS**

**[SEC. 603.** There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this chapter.]

## **CHAPTER VII—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS**

### **AMENDMENTS TO OTHER LAWS**

**SEC. 701. \* \* \***

### **[EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE**

**[SEC. 702.** There is authorized to be appropriated the sum of \$100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairmen of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

### **[UNITED STATES PARTICIPATION IN WORLD REFUGEE YEAR**

**[SEC. 703.** Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$10,000,000 shall be available for United States participation in World Refugee



Year. Such sum shall be available for allocation by the President for assistance, either directly or through intergovernmental organizations or agencies, to the various refugee groups, and shall be used primarily in furtherance of permanent solutions of the problems of such groups and in alleviating their urgent emergency needs.】

## SECTION 604 AND CHAPTER VIII OF THE MUTUAL SECURITY ACT OF 1960

AN ACT To amend further the Mutual Security Act of 1954, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1960".*

\* \* \* \* \*

### CHAPTER VI—AMENDMENTS TO OTHER LAWS

\* \* \* \* \*

【SEC. 604. The President shall have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to providing the most effective means for the formulation and implementation of the United States foreign economic policies. The President shall include in his presentation to the Congress of the fiscal year 1962 mutual security program his findings and recommendations resulting from such study.】

### CHAPTER VII—CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

\* \* \* \* \*

### 【CHAPTER VIII—HEMISPHERE CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE

#### 【STATEMENT OF PURPOSE

【SEC. 801. The purpose of this chapter is to promote better relations and understanding between the United States and the other nations of the Western Hemisphere (hereinafter referred to as "the Hemisphere") through cooperative study and research, by establishing in Puerto Rico a Hemispheric Center for Cultural and Technical Interchange, either as a branch of an existing institution of higher learning or as a separate institution, where scholars and students, in various fields from the nations of the Hemisphere may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of chapter II of the Mutual Security Act of 1954 and other Acts promoting the international educational, cultural, and related activities of the United States.

## [ESTABLISHMENT OF CENTER

[SEC. 802. In order to carry out the purposes of this chapter the Secretary of State (hereinafter referred to as "Secretary"), after consultation with appropriate public and private authorities, may, on or before January 3, 1961, prepare and submit to the Congress a plan and program for—

[(1) the establishment and operation in Puerto Rico of an educational institution to be known as the Hemispheric Center for Cultural and Technical Interchange through arrangements to be made with public, educational, or other nonprofit institutions;

[(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the Hemisphere as may be necessary to attract such scholars and authorities to the Center;

[(3) grants, scholarships, and other payments to qualified candidates from the nations of the Hemisphere as may be necessary to enable such students to engage in study at the Center; and

[(4) making the facilities of the Center available for study to other qualified persons on reasonable basis.]

## SECTION 305 OF THE MUTUAL DEFENSE ASSISTANCE CONTROL ACT OF 1951

AN ACT To provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Defense Assistance Control Act of 1951".*

### TITLE I—WAR MATERIALS

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### TITLE III—GENERAL PROVISIONS

SEC. 301. All other nations (those not receiving United States military, economic, or financial assistance) shall be invited by the President to cooperate jointly in a group or groups or on an individual basis in controlling the export of the commodities referred to in title I and title II of this Act to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

\* \* \* \* \*

[SEC. 305. Subsection (d) of section 117 of the Foreign Assistance Act of 1948 (Public Law 472, Eightieth Congress), as amended, and subsection (a) of section 1302 of the Third Supplemental Appropriation Act, 1951 (Public Law 45, 82d Congress), are repealed.]

*SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act.*



## SECTION 104(e) OF THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954, AS AMENDED

AN ACT To increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Agricultural Trade Development and Assistance Act of 1954".*

\* \* \* \* \*

### TITLE I—SALES FOR FOREIGN CURRENCY

\* \* \* \* \*

SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation Acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of

the currencies received pursuant to each such agreement shall be available through and under the procedures established by [the Export-Import Bank] *such agency as the President shall direct* for loans mutually agreeable to said [bank] agency and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however, That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans;*

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation Acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection;

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided, That not more than \$5,000,000 may be allocated for this purpose during any fiscal year;*

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor;

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and



support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;

(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation Acts;

(m) For financing in such amounts as may be specified from time to time in appropriation Acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation Acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation Acts, by grants or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(r) For financing the preparation, distribution, and exhibiting of audio-visual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total

amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a): *Provided, however,* That section 1415 of the Supplemental Appropriation Act, 1953, shall apply to all foreign currencies used for grants under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: *Provided, however,* That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts, and no foreign currencies shall be allocated under any provision of this Act after June 30, 1960 for the purposes specified in subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts.

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## SECTION 5 OF THE MIDDLE EAST RESOLUTION

JOINT RESOLUTION To promote peace and stability in the Middle East.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President be and hereby is authorized to cooperate with and assist any nation or group of nations in the general area of the Middle East desiring such assistance in the development of economic strength dedicated to the maintenance of national independence.

\* \* \* \* \*

SEC. 5. The President shall [within the months of January and July of each year] *whenever appropriate* report to the Congress his action hereunder.

SEC. 6. This joint resolution shall expire when the President shall determine that the peace and security of the nations in the general area of the Middle East are reasonably assured by international conditions created by action of the United Nations or otherwise except that it may be terminated earlier by a concurrent resolution of the two Houses of Congress.



## LATIN AMERICA AND CHILE DEVELOPMENT AND RECONSTRUCTION ASSISTANCE

AN ACT To provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### STATEMENT OF POLICY

SEC. 1. (a) It is the sense of the Congress that—

(1) the historic, economic, political, and geographic relationships among the American Republics are unique and of special significance and, as appropriate, should be so recognized in future legislation;

(2) although governmental forms differ among the American Republics, the peoples of all the Americas are dedicated to the creation and maintenance of governments which will promote individual freedom;

(3) the interests of the American Republics are so interrelated that sound social and economic progress in each is of importance to all and that lack of it in any American Republic may have serious repercussions in others;

(4) for the peoples of Latin America to continue to progress within the framework of our common heritage of democratic ideals, there is a compelling need for the achievement of social and economic advance adequate to meet the legitimate aspirations of the individual citizens of the countries of Latin America for a better way of life;

(5) there is a need for a plan of hemispheric development, open to all American Republics which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, the growth of free economic and social institutions, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers;

(6) mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to all countries, it is the hope of the people of the United States that all American Republics will jointly exert sustained common efforts which will speedily achieve that economic cooperation in the Western Hemisphere which is essential for lasting peace and prosperity; and

(7) accordingly, it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, private enterprise, and genuine independence in the Western Hemisphere through cooperation with all American Republics which participate in a joint development program based upon self-help and mutual efforts.

(b) In order to carry forward the above policy, the Congress hereby—

(1) urges the President through our constitutional processes to develop cooperative programs on a bilateral or multilateral basis which will set forth specific plans of action designed to foster economic progress and improvements in the welfare and level of living of all the peoples of the American Republics on the basis of joint aid, mutual effort, and common sacrifice;

(2) proposes the development of workable procedures to expand hemispheric trade and to moderate extreme price fluctuations in commodities which are of exceptional importance in the economies of the American Republics, and encourages the development of regional economic cooperation among the American Republics;

(3) supports the development of a more accurate and sympathetic understanding among the peoples of the American Republics through a greater interchange of persons, ideas, techniques, and educational, scientific, and cultural achievements;

(4) supports the strengthening of free democratic trade unions to raise standards of living through improved management-labor relations;

(5) favors the progressive development of common standards with respect to the rights and the responsibilities of private investment which flows across national boundaries within the Western Hemisphere;

(6) supports the consolidation of the public institutions and agencies of inter-American cooperation, insofar as feasible, within the structure of the Organization of American States and the strengthening of the personnel resources and authority of the Organization in order that it may play a role of increasing importance in all aspects of hemispheric cooperation; and

(7) declares that it is prepared to give careful and sympathetic consideration to programs which the President may develop for the purpose of promoting these policies.

#### AUTHORIZATION

SEC. 2. In order to carry out the purposes of section 1 of this Act, there is hereby authorized to be appropriated to the President not to exceed \$500,000,000, which shall remain available until expended, and which the President may use, subject to such further legislative provisions as may be enacted, in addition to other funds available for such purposes, on such terms and conditions as he may specify: *Provided*, That none of the funds made available pursuant to this section shall be used to furnish assistance to any country in Latin America being subjected to economic or diplomatic sanctions by the Organization of American States. The Secretary of State shall keep the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House currently informed about plans and programs for the utilization of such funds.

#### SPECIAL AUTHORIZATION FOR CHILEAN RECONSTRUCTION

SEC. 3. There is hereby authorized to be appropriated to the President not to exceed \$100,000,000, which shall remain available until expended, for use, in addition to other funds available for such pur-



poses, in the reconstruction and rehabilitation of Chile on such terms and conditions as the President may specify.

SEC. 4. Section 551 of the Mutual Security Act of 1954, as amended, which relates to limitation on the use of the President's special authority, is amended by inserting before the period "": *Provided, however, That the aforementioned authority may be used during the fiscal year 1961 to finance activities which normally would be financed from appropriations made pursuant to sections 411(b) and 411(c) of this Act*".

GENERAL PROVISION

SEC. 4. (a) *Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.*

(b) *Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.*

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FIRST SECTION OF DEFENSE BASE ACT AS AMENDED  
(42 U.S.C. 1651)

That (a) except as herein modified, the provisions of the Longshoremen's and Harbor Workers' Compensation Act, approved March 4, 1927 (44 Stat. 1424), as amended, shall apply in respect to the injury or death of any employee engaged in any employment—

(1) at any military, air, or naval base acquired after January 1, 1940, by the United States from any foreign government; or

(2) upon any lands occupied or used by the United States for military or naval purposes in any Territory or possession outside the continental United States (including the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone); or

(3) upon any public work in any Territory or possession outside the continental United States (including the United States Naval Operating Base, Guantanamo Bay, Cuba; and the Canal Zone), if such employee is engaged in employment at such place under the contract of a contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) with the United States; but nothing in this paragraph shall be construed to apply to any employee of such a contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(4) under a contract entered into with the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract, or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States and at places not within the areas described in subparagraphs (1), (2), and (3) of this subdivision, for the purpose of engaging in public work, and every

such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (1) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in such public work under such contract the payment of compensation and other benefits under the provisions of this Act, and (2) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(5) under a contract approved and financed by the United States or any executive department, independent establishment, or agency thereof (including any corporate instrumentality of the United States), or any subcontract or subordinate contract with respect to such contract, where such contract is to be performed outside the continental United States, under the Mutual Security Act of 1954, as amended [(other than title II of chapter II thereof)] *or any successor Act (other than a contract financed by loans repayable in United States dollars, unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines such contract should be covered by this section)*, and not otherwise within the coverage of this section, and every such contract shall contain provisions requiring that the contractor (and subcontractor or subordinate contractor with respect to such contract) (A) shall, before commencing performance of such contract, provide for securing to or on behalf of employees engaged in work under such contract the payment of compensation and other benefits under the provisions of this Act, and (B) shall maintain in full force and effect during the term of such contract, subcontract, or subordinate contract, or while employees are engaged in work performed thereunder, the said security for the payment of such compensation and benefits, but nothing in this paragraph shall be construed to apply to any employee of such contractor or subcontractor who is engaged exclusively in furnishing materials or supplies under his contract;

(6) outside the continental United States by an American employer providing welfare or similar services for the benefit of the Armed Forces pursuant to appropriate authorization by the Secretary of Defense,

irrespective of the place where the injury or death occurs, and shall include any injury or death occurring to any such employee during transportation to or from his place of employment, where the employer or the United States provides the transportation or the cost thereof.

(b) As used in this section—

(1) the term “public work” means any fixed improvement or any project, whether or not fixed, involving construction, alteration, removal or repair for the public use of the United States or its allies, including but not limited to projects or operations under service contracts and projects in connection with the



national defense or with war activities, dredging, harbor improvements, dams, roadways, and housing, as well as preparatory and ancillary work in connection therewith at the site or on the project;

(2) the term "allies" means any nation with which the United States is engaged in a common military effort or with which the United States has entered into a common defensive military alliance;

(3) the term "war activities" includes activities directly relating to military operations;

(4) the term continental United States means the States and the District of Columbia.

(c) The liability of an employer, contractor (or any subcontractor or subordinate subcontractor with respect to the contract of such contractor) under this Act shall be exclusive and in place of all other liability of such employer, contractor, subcontractor, or subordinate contractor to his employees (and their dependents) coming within the purview of this Act, under the workmen's compensation law of any State, Territory, or other jurisdiction, irrespective of the place where the contract of hire of any such employee may have been made or entered into.

(d) As used in this section, the term "contractor" means any individual, partnership, corporation, or association, and includes any trustee, receiver, assignee, successor, or personal representative thereof, and the rights, obligations, liability, and duties of the employer under such Longshoremen's and Harbor Workers' Compensation Act shall be applicable to such contractor.

(e) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under subparagraphs (3) and (4), subdivision (a) of this section, and the conditions set forth therein, shall become applicable to contracts and subcontracts heretofore entered into but not completed at the time of the approval of this Act, and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to [June 30, 1958, but not completed on July 24, 1959] *but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended*, and contracting officers of the United States are authorized to make such modifications and amendments of existing contracts as may be necessary to bring such contracts into conformity with the provisions of this Act. No right shall arise in any employee or his dependent under subparagraphs (3) and (4) of subdivision (a) of this section, prior to two months after the approval of this chapter. Upon the recommendation of the head of any department or other agency of the United States, the Secretary of Labor, in the exercise of his discretion, may waive the application of this section with respect to any contract, subcontract, or subordinate contract, work location under such contracts, or classification of employees. Upon recommendation of any employer referred to in paragraph (6) of subsection (a) of this section, the Secretary of Labor may waive the application of this section to any employee or class of employees of such employer,

or to any place of employment of such an employee or class of employees.

(f) The liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in public work under paragraphs (1), (2), (3), and (4) of subsection (a) of this section or in any work under paragraph (5) of subsection (a) of this section does not apply with respect to any person who is a prisoner of war or a protected person under the Geneva Convention of 1949 and who is detained or utilized by the United States.

## SECTION 101 OF THE WAR HAZARDS COMPENSATION ACT, AS AMENDED

### INJURY OR DEATH

SEC. 101. (a) In case of injury or death resulting from injury—

(1) to any person employed by a contractor with the United States, if such person is an employee specified in the Act of August 16, 1941 (Public Law Numbered 208, Seventy-seventh Congress), as amended, and no compensation is payable with respect to such injury or death under said sections; or

(2) to any person engaged by the United States under a contract for his personal services outside the continental United States; or

(3) to any person employed outside the continental United States as a civilian employee paid from nonappropriated funds administered by the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Ship's Store Ashore, Navy exchanges, Marine Corps exchanges, officers' and noncommissioned officers' open messes, enlisted men's clubs, service clubs, special service activities, or any other instrumentality of the United States under the jurisdiction of the Department of Defense and conducted for the mental, physical, and morale improvement of personnel of the Department of Defense and their dependents; or

(4) to any person who is an employee specified in section 1 (a) (5) of the Defense Base Act, as amended, if no compensation is payable with respect to such injury or death under such Act, or to any person engaged under a contract for his personal services outside the United States approved and financed by the United States under the Mutual Security Act of 1954, as amended **[(other than title II of chapter II thereof)]** or any successor Act (other than a contract financed by loans repayable in United States dollars unless the Secretary, upon the recommendation of the head of any department or agency of the United States, determines such contract should be covered by this section): *Provided*, That in cases where the United States is not a formal party to contracts approved and financed under the Mutual Security Act of 1954, as amended, the Secretary, upon the recommendation of the head of any department or agency of the United States, may, in the exercise of his discretion, waive the application of the provisions of this subparagraph with respect to any such contracts, subcontracts, or subordinate contracts, work location under such



contracts, subcontracts, or subordinate contracts, or classification of employees;

(5) to any person employed or otherwise engaged for personal services outside the continental United States by an American employer providing welfare or similar services for the benefit of the Armed Forces pursuant to appropriate authorization by the Secretary of Defense;

and such injury proximately results from a war-risk hazard, whether or not such person then actually was engaged in the course of his employment, the provisions of the Act entitled "An Act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916 (5 U.S.C., ch. 15), as amended, and as modified by this Act, shall apply with respect thereto in the same manner and to the same extent as if the person so employed were a civil employee of the United States and were injured while in the performance of his duty, and any compensation found to be due shall be paid from the compensation fund established pursuant to section 35 of said Act of September 7, 1916, as amended. This subsection shall not be construed to include any person who would otherwise come within the purview of such Act of September 7, 1916, as amended.

(b)(1) Any person specified in subsection (a) of this section who—

(A) is found to be missing from his place of employment, whether or not such person then actually was engaged in the course of his employment, under circumstances supporting an inference that his absence is due to the belligerent action of a hostile force or person, or

(B) is known to have been taken by a hostile force or person as a prisoner, hostage, or otherwise, or

(C) is not returned to his home or to the place where he was employed by reason of the failure of the United States or its contractor to furnish transportation,

until such time as he is returned to his home, to the place of his employment, or is able to be returned to the jurisdiction of the United States, shall, under such regulations as the Secretary may prescribe, be regarded solely for the purposes of this subsection as totally disabled, and the same benefits as are provided for such disability under this title shall be credited to his account and be payable to him for the period of such absence or until his death is in fact established or can be legally presumed to have occurred: *Provided*, That if such person has dependents residing in the United States or its Territories or possessions (including the United States Naval Operating Base, Guantanamo Bay, Cuba, the Canal Zone, and the Philippine Islands), the Secretary during the period of such absence may disburse a part of such compensation, accruing for such total disability, to such dependents, which shall be equal to the monthly benefits otherwise payable for death under this title, and the balance of such compensation for total disability shall accrue and be payable to such person upon his return from such absence. Any payment made pursuant to this subsection shall not in any case be included in computing the maximum aggregate or total compensation payable for disability or death, as provided in section 102(a): *Provided further*, That no such payment to such person or his dependent, on account of such absence, shall be made during any period such person or

dependent, respectively, has received, or may be entitled to receive, any other payment from the United States, either directly or indirectly, because of such absence, unless such person or dependent refunds or renounces such other benefit or payment for the period claimed.

Benefits found to be due under this subsection shall be paid from the compensation fund established pursuant to section 35 of such Act of September 7, 1916, as amended: *Provided*, That the determination of dependents, dependency, and amounts of payments to dependents shall be made in the manner specified in such Act: *Provided further*, That claim for such detention benefits shall be filed in accordance with and subject to the limitation provisions of such Act, as modified by section 106(c) of this Act: *And provided further*, That except in cases of fraud or willful misrepresentation, the Secretary may waive recovery of money erroneously paid under this subdivision whenever he finds that such recovery would be impracticable or would cause hardship to the beneficiary affected: *And provided further*, That where such person is found to be missing from his place of employment, whether or not such person then actually was engaged in the course of his employment, under circumstances supporting an inference that his absence is due to the belligerent action of a hostile force or person or is known to have been taken by a hostile force or person as a prisoner, hostage, or otherwise, the amount of benefits to be credited to the account of such person under this subsection, and for the purposes of this subsection only, shall be 100 per centum of the average weekly wages of such person, except that in computing such benefits such average weekly wages (a) shall not exceed the average weekly wages paid to civilian employees of the United States in the same or most similar occupation in the area nearest to the place of employment where such person was last employed, and (b) shall not exceed the average weekly wages of such absent person at the time such absence began; and 70 per centum of such average weekly wage so determined shall be disbursed to the dependent or dependents of such person, irrespective of the limitations of section 9 of the Longshoremen's and Harbor Workers' Compensation Act, but should there be more than one such dependent, the distribution of such 70 per centum shall be proportionate to the percentages allowed for dependents by section 9 of such Longshoremen's and Harbor Workers' Compensation Act, and if such manner of disbursement in any case would result in injustice or excessive allowance for a dependent, the Secretary may, in his discretion, modify such percentage or apportionment to meet the requirements of the case; and in such cases benefits for detention shall accrue from January 1, 1942, unless the beginning of absence occurred upon a later date in which event benefits shall accrue from such later date, and for the period of such absence shall be 100 per centum of the average weekly wages, determined as herein provided: *And provided further*, That compensation for disability under this subchapter (except under allowance for scheduled losses of members or functions of the body, within the purview of section 102(a)) shall not be paid in any case in respect to any period of time during which benefits for detention may accrue under this title in the same case, and should a person entitled to benefits for detention also be entitled to workmen's compensation or similar benefits under any other law, agreement, or plan (except allowances for scheduled losses of members



or functions of the body), where such other benefits are paid or to be paid directly or indirectly by the United States, the amount thereof accruing as to the period of absence shall be taken into account and the benefits credited to the account of the detained person reduced accordingly: *And provided further*, That where through mistake of fact, absence of proof of death, or error through lack of adequate information or otherwise, payments as for detention have in any case been erroneously made or credited, any resulting overpayment of detention benefits (the recovery of which is not waived as otherwise provided for in this section) shall be recouped by the Secretary in such manner as he shall determine from any unpaid accruals to the account of the detained person, and if such accruals are insufficient for such purpose, then from any allowance of compensation for injury or death in the same case (whether under this title or under any other law, agreement, or plan, if the United States pays, or is obligated to pay, such benefits, directly or indirectly), but only to the extent of the amount of such compensation benefits payable for the particular period of such overpayment, and in cases of erroneous payments of compensation for injury or death, made through mistake of fact, whether under this title or under any other law, agreement, or plan (if the United States is obligated to pay such compensation, directly or indirectly), the Secretary is authorized to recoup from any unpaid benefits for detention, the amount of any overpayment thus arising; and any amounts recovered under this section shall be covered into such compensation fund, and for the foregoing purposes the Secretary shall have a right of lien, intervention, and recovery in any claim or proceeding for compensation.

(2) Upon application by such person, or someone on his behalf, the Secretary may, under such regulations as he may prescribe, furnish transportation or the cost thereof (including reimbursement) to any such person from the point where his release from custody by a hostile force or person is effected, to his home, the place of his employment, or other place within the jurisdiction of the United States; but no transportation, or the cost thereof, shall be furnished under this paragraph where such person is furnished such transportation, or the cost thereof, under any agreement with his employer or under any other provision of law.

(3) In the case of death of any such person, if his death occurred away from his home, the body of such person shall, in the discretion of the Secretary, and if so desired by his next of kin, near relative, or legal representative, be embalmed and transported in a hermetically sealed casket or other appropriate container to the home of such person or to such other place as may be designated by such next of kin, near relative, or legal representative. No expense shall be incurred under this paragraph by the Secretary in any case where death takes place after repatriation, unless such death proximately results from a war-risk hazard.

(4) Such benefits for detention, transportation expenses of repatriated persons, and expenses of embalming, providing sealed or other appropriate container, and transportation of the body, and attendants (if required), as approved by the Secretary, shall be paid out of the compensation fund established under section 35 of such Act of September 7, 1916, as amended.

(c) Compensation for permanent total or permanent partial disability or for death payable under this section to persons who are not citizens of the United States and who are not residents of the United States or Canada, shall be in the same amount as provided for residents; except that dependents in any foreign country shall be limited to surviving wife or husband and child or children, or if there be no surviving wife or husband or child or children, to surviving father or mother whom such person has supported, either wholly or in part, for the period of one year immediately prior to the date of the injury; and except that the Secretary, at his option, may commute all future installments of compensation to be paid to such persons by paying to them one-half of the commuted amount of such future installments of compensation as determined by the Secretary.

(d) The provisions of this section shall not apply in the case of any person (1) whose residence is at or in the vicinity of the place of his employment, and (2) who is not living there solely by virtue of the exigencies of his employment, unless his injury or death resulting from injury occurs or his detention begins while in the course of his employment, or (3) who is a prisoner of war or a protected person under the Geneva Conventions of 1949 and who is detained or utilized by the United States.

## FOREIGN SERVICE ACT OF 1946, AS AMENDED

AN ACT To improve, strengthen, and expand the Foreign Service of the United States and to consolidate and revise the laws relating to its administration.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### TITLE I—SHORT TITLE, OBJECTIVES, AND DEFINITIONS

#### PART A—SHORT TITLE

SEC. 101. Titles I to X, inclusive, of this Act may be cited as the "Foreign Service Act of 1946".

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### TITLE VII—THE FOREIGN SERVICE INSTITUTE

#### ESTABLISHMENT OF THE INSTITUTE

SEC. 701. The Secretary shall, in order to furnish training and instruction to officers and employees of the Service and of the Department and to other officers and employees of the Government for whom training and instruction in the field of foreign relations is necessary, and in order to promote and foster programs of study incidental to such training, establish a Foreign Service Institute, hereinafter called the Institute. The Secretary may also provide [to the extent that space is available therefor] appropriate orientation and language training to [spouses] *members of family* of officers and employees of the Government in anticipation of the assignment abroad of such officers and employees *or while abroad*. Other agencies of the Government shall wherever practicable avoid duplicating the facilities of



the Institute and the training provided by the Secretary at the Institute or elsewhere.

\* \* \* \* \*

## TITLE VIII—THE FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM

\* \* \* \* \*

### PART H—ANNUITANTS RECALLED, REINSTATED OR REAPPOINTED IN THE SERVICE OR REEMPLOYMENT IN THE GOVERNMENT

#### RECALL

SEC. 871. Any annuitant recalled to duty in the Service in accordance with the provisions of section 520(b) or reinstated or reappointed in accordance with the provisions of section 831(b) shall, while so serving, be entitled in lieu of his annuity to the full salary of the class in which he is serving. During such service, he shall make contributions to the Fund in accordance with the provisions of section 811. When he reverts to his retired status, his annuity shall be determined anew in accordance with the provisions of section 821.

#### REEMPLOYMENT

SEC. 872. (a) Notwithstanding any other provision of law, any officer or employee of the Service, who has retired under this Act, as amended, and is receiving an annuity pursuant thereto, and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis, shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act, as amended, which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive under sections 412 or 415 of the Act, as amended, on the date of his retirement from the Service. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

[(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto and shall cause to be paid, by transfer or otherwise, to the Department of State funds necessary to cover gross salary, employer contributions, and gross lump sum leave payment relating to the reemployment of the reemployed officer or employee. The Department of State shall make to and on behalf of the reemployed officer or employee payments to which he is entitled under the provisions of paragraph (a) of this section, and shall make those withholdings and deductions authorized and required by law.]

[(c) In the event of any overpayment under this section the Secretary of State is authorized to withhold the amount of such overpayment from the salary payable to such reemployed officer or employee or from his annuity.]

(b) *When any such retired officer or employee of the Service is re-employed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.*

(c) *In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title.*

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## TITLE IX—ALLOWANCES AND BENEFITS

### PART A—ALLOWANCES AND SPECIAL ALLOTMENTS

\* \* \* \* \*

### PART B—TRAVEL AND RELATED EXPENSES

#### GENERAL PROVISIONS

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

(2) the travel expenses of the members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(3) the cost of transporting the furniture and household and personal effects of an officer or employee of the Service to his successive posts of duty and, on the termination of his services, to the place where he will reside;

(4) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service, when he is absent from his post of assignment under orders, or when he is assigned to a post to which he cannot take or at which he is unable to use such furniture and household and personal effects, or when it is in the public interest or more economical to authorize storage; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

(5) the cost of packing and unpacking, transporting to and from a place of storage, and storing the furniture and household and personal effects of an officer or employee of the Service in connection with assignment or transfer to a new post, from the date of his departure from his last post or from the date of his departure from his place of residence in the case of a new officer



or employee and for not to exceed three months after arrival at the new post, or until the establishment of residence quarters, whichever shall be shorter; and, in connection with separation of an officer or employee of the Service, the cost of packing and unpacking, transporting to and from a place of storage, and storing for a period not to exceed three months, his furniture and household and personal effects; but in no instance shall the weight or volume of the effects stored together with the weight or volume of the effects transported exceed the maximum limitations fixed by regulations, when not otherwise fixed by law;

(6) the travel expenses of the members of the family and the cost of transporting the personal effects and automobile of an officer or employee of the Service, whenever the travel of such officer or employee is occasioned by changes in the seat of the government whose capital is his post;

(7) the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Service and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant, the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;

*(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;*

*(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty.*

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## PART D—LEAVES OF ABSENCE

## ORDERING RETURN OF PERSONNEL TO UNITED STATES ON LEAVES OF ABSENCE

SEC. 933. (a) The Secretary [shall] *may* order to the continental United States, its [Territories] *territories* and possessions, on statutory leave of absence [every officer and employee] *any officer or employee* of the Service who is a citizen of the United States upon completion of [two years'] *eighteen months'* continuous service abroad [or as soon as possible thereafter] *and shall so order as soon as possible after completion of three years of such service.*

(b) While in the continental United States, its territories and possessions, on leave, the service of any officer or employee shall be available for such work or duties in the Department or elsewhere as the Secretary may prescribe, but the time of such work or duties shall not be counted as leave.

\* \* \* \* \*

## PART E—MEDICAL SERVICES

\* \* \* \* \*

## [TRANSPORTATION TO APPROVED HOSPITALS]

SEC. 942. [(a)] *TRAVEL FOR MEDICAL PURPOSES.*—In the event an officer or employee of the Service who is a citizen of the United States or [his dependents incurs an illness or injury requiring hospitalization,] *one of his dependents, requires medical care, for illness or injury* not the result of vicious habits, intemperance, or misconduct, while stationed abroad in a locality where there [does not exist a suitable hospital or clinic] *is no qualified person or facility to provide such care,* the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem [appropriate and] *appropriate, including the furnishing of transportation, and* without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where [a suitable hospital or clinic exists, and on his recovery pay for the travel expenses of his return from such hospital or clinic] *suitable medical care can be obtained.* If any such officer, employee, or dependent is too ill to travel unattended, *or in the case of a dependent too young to travel alone,* the Secretary may also pay the round-trip travel expenses of an attendant or attendants.

[(b) The Secretary may establish a first-aid station and provide for the services of a physician, a nurse, or other medical personnel at a post at which, in his opinion, sufficient personnel is employed to warrant such a station.]



**SECTION 2 OF THE ACT OF JULY 31, 1945, AS AMENDED  
(22 U.S.C. 279a)**

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, [a sum not exceeding \$625,000 during the first fiscal year of the Organization and sums not exceeding \$3,000,000 annually thereafter] *such sums* as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum.

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**FIRST SECTION OF THE ACT OF JUNE 28, 1935 (22 U.S.C. 276)**

~~¶~~ An appropriation of [ \$33,000 ] \$48,000 annually is hereby authorized, \$18,000 of which shall be for the annual contribution of the United States toward the maintenance of the Bureau of the Inter-parliamentary Union for the promotion of international arbitration; and [ \$15,000 ] \$30,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Inter-parliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the President and the executive secretary of the American group.







# Union Calendar No. 333

87<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

## H. R. 8400

[Report No. 851]

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### IN THE HOUSE OF REPRESENTATIVES

JULY 31, 1961

Mr. MORGAN introduced the following bill; which was referred to the Committee on Foreign Affairs

AUGUST 4, 1961

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

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## A BILL

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That this Act may be cited as the "Mutual Security Act of  
4      1961".

### PART I

#### CHAPTER 1—SHORT TITLE AND POLICY

7      SEC. 101. SHORT TITLE.—This part may be cited as the  
8      "Act for International Development of 1961".

9      SEC. 102. STATEMENT OF POLICY.—(a) It is the sense  
10     of the Congress that (1) peace depends on wider recogni-

1 tion of the dignity and interdependence of men, and (2)  
2 survival of free institutions in the United States can best be  
3 assured in a worldwide atmosphere of freedom.

4 (b) The Congress approves the efforts of the peoples  
5 of other lands who are striving to establish and develop  
6 politically independent and economically viable units, to in-  
7 crease their technical knowledge and skills, and to improve  
8 ways of living by methods which reflect the popular will,  
9 and to realize aspirations for justice, for education, and for  
10 dignity and respect as individual human beings.

11 (c) The peace of the world and the security of the  
12 United States are endangered so long as international com-  
13 munism continues to attempt to bring under Communist  
14 domination peoples now free and independent and to keep  
15 under domination peoples once free but now subject to such  
16 domination. It is, therefore, the policy of the United States  
17 to continue to make available to other free countries and peo-  
18 ples, upon request, assistance of such nature and in such  
19 amounts as the United States deems advisable and as may be  
20 effectively used by free countries and peoples to help them  
21 maintain their freedom.

22 (d) It is the sense of the Congress that those countries  
23 which have been assisted in their recovery should, in the  
24 future, share with the United States to a greater extent the  
25 financial burden of providing aid to those countries which



1 are still in need of assistance of the type provided under this  
2 Act.

3 (e) It is the sense of the Congress that inasmuch as—

4 (1) the United States favors freedom of navigation  
5 in international waterways and economic cooperation  
6 between countries; and

7 (2) the purposes of this Act are negated and the  
8 peace of the world is endangered when countries which  
9 receive assistance under this Act wage economic war-  
10 fare against other countries assisted under this Act,  
11 including such procedures as boycotts, blockades, and  
12 the restriction of the use of international waterways; and

13 (3) any attempt by foreign countries to create dis-  
14 tinctions because of their race or religion among Amer-  
15 ican citizens in the granting of personal or commercial  
16 access or any other rights otherwise available to United  
17 States citizens generally is repugnant to our principles;  
18 assistance under this Act and the Agricultural Trade Devel-  
19 opment and Assistance Act of 1954, as amended, shall be  
20 administered to give effect to these principles, and, in all  
21 negotiations between the United States and any foreign  
22 state arising as a result of funds appropriated under this  
23 Act or arising under the Agricultural Trade Development  
24 and Assistance Act of 1954, as amended, these principles  
25 shall be applied, as the President may determine, and he

1 shall report on measures taken by the Administration to  
2 insure their application.

3 (f) The Congress of the United States recognizes that  
4 the progress of free peoples in their efforts to further their  
5 economic development, and thus to strengthen their freedom,  
6 is important to the security and general welfare of the United  
7 States. It is the policy of the United States to strengthen  
8 friendly foreign countries by encouraging the development of  
9 their economies through a competitive free enterprise sys-  
10 tem; to minimize or eliminate barriers to the flow of private  
11 investment capital and international trade; to facilitate the  
12 creation of a climate favorable to the investment of private  
13 capital; and to assist, on a basis of self-help and mutual  
14 cooperation, the efforts of free peoples to develop their  
15 economic resources and free economic institutions and to  
16 increase their productive capabilities in agriculture as well  
17 as in industry.

18 (g) To the extent practicable assistance should be  
19 based upon well-conceived plans; be directed toward the  
20 social as well as economic aspects of economic development;  
21 be responsive to the efforts of the recipient countries to  
22 mobilize their own resources and help themselves; be cog-  
23 nizant of the external and internal pressures which hamper  
24 their growth; and should emphasize long-range development  
25 assistance as the primary instrument of such growth.



1       (h) The Congress reaffirms its belief in the importance  
2 of regional organizations of free peoples for mutual assist-  
3 ance, such as the North Atlantic Treaty Organization, the  
4 Organization of American States, the South East Asia Treaty  
5 Organization, the Central Treaty Organization, and others,  
6 and expresses its hope that such organizations may be  
7 strengthened and broadened, and their programs of self-  
8 help and mutual cooperation may be made more effective  
9 in the protection of the independence and security of free  
10 people, and in the development of their economic and social  
11 well-being, and the safeguarding of their basic rights and  
12 liberties.

13       (i) It is the sense of the Congress that—

14           (1) it supports the President in his affirmation that  
15 the United States shall continue to meet its commit-  
16 ments to the people and Government of the Republic  
17 of China and shall continue to support that Government  
18 as the Representative of China in the United Nations;

19           (2) the United States shall continue to oppose the  
20 seating of the Chinese Communist regime in the United  
21 Nations so long as that regime persists in defying the  
22 principles of the United Nations Charter; and

23           (3) the United States supports the President in  
24 not according diplomatic recognition to the Chinese Com-  
25 munist regime.

## 1 CHAPTER 2—DEVELOPMENT ASSISTANCE

## 2 TITLE I—DEVELOPMENT LOANS

3 SEC. 201. GENERAL AUTHORITY.—(a) The President  
4 is authorized to make loans payable as to principal and  
5 interest in United States dollars on such terms and conditions  
6 as he may determine, in order to promote the economic  
7 development of economically underdeveloped friendly coun-  
8 tries and areas, with emphasis upon assisting long-range plans  
9 and programs designed to develop economic resources and in-  
10 crease productive capacities. In so doing, the President shall  
11 take into account (1) whether financing could be obtained in  
12 whole or in part from other free-world sources on reasonable  
13 terms, (2) the economic and technical soundness of the activ-  
14 ity to be financed, (3) whether the activity gives reasonable  
15 promise of contributing to the development of economic re-  
16 sources or free economic institutions or to the increase of pro-  
17 ductive capacities in furtherance of the purposes of this title,  
18 (4) the consistency of the activity with, and its relationship  
19 to, other development activities being undertaken or planned,  
20 and its contribution to realizable long-range objectives, (5)  
21 the extent to which the recipient country is showing a respon-  
22 siveness to the vital economic, political, and social concerns  
23 of its people, and demonstrating a clear willingness to take  
24 effective self-help measures, (6) the possible effects upon  
25 the United States economy, with special reference to areas



1 of substantial labor surplus, of the loan involved, and (7)  
2 the desirability of safeguarding the international balance of  
3 payments position of the United States. If the President  
4 finds that a loan proposed to be made under this part would  
5 have a substantially adverse effect upon the United States  
6 economy, or any substantial segment thereof, the loan shall  
7 not be made. Loans shall be made under this title only upon  
8 a finding of reasonable prospects of repayment.

9 (b) The authority of section 609 may not be used to  
10 decrease the funds available under this title, nor may the  
11 authority of section 612 (a) be used to waive the require-  
12 ments of this title.

13 SEC. 202. CAPITALIZATION.—(a) The President is au-  
14 thorized to issue, during the fiscal years 1962 through 1966,  
15 notes for purchase by the Secretary of the Treasury in order  
16 to carry out the purposes of this title. The maximum aggre-  
17 gate amount of such notes issued during the fiscal year 1962  
18 shall be \$900,000,000, and the maximum aggregate amount  
19 of such notes issued during each of the fiscal years 1963  
20 through 1966 shall be \$1,600,000,000: *Provided*, That any  
21 unissued portion of the maximum amount of notes authorized  
22 for any such fiscal year may be issued in any subsequent  
23 fiscal year during the note-issuing period in addition to the  
24 maximum aggregate amount of notes otherwise authorized  
25 for such subsequent fiscal year. Such notes shall be redeem-

1 able at the option of the President before maturity in such  
2 manner as may be stipulated in such notes, and shall have  
3 such maturity and other terms and conditions as may be de-  
4 termined by the President. Payment under this subsection  
5 of the purchase price of such notes and repayments thereof  
6 by the President shall be treated as public-debt transactions  
7 of the United States Government.

8 (b) United States dollars, not to exceed \$300,000,000  
9 in any fiscal year, which are derived directly or indi-  
10 rectly on or after the effective date of this Act from pay-  
11 ment of principal and interest on obligations under which the  
12 United States Government may require payment exclusively in  
13 United States dollars and which were created under (1) An  
14 Act To Promote the Defense of the United States, as amended  
15 (22 U.S.C. 411 et seq.), other than those United States dol-  
16 lars which constitute the local currency of a foreign govern-  
17 ment, (2) the Surplus Property Act of 1944 (58 Stat.  
18 765), as amended, (3) Public Law 79-509 (22 U.S.C.  
19 286l, 286m), (4) the Economic Cooperation Act of 1948  
20 (62 Stat. 137), as amended, (5) the German and  
21 Japanese Government and Relief in Occupied Areas  
22 Program, and (6) loans under the Mutual Security Act of  
23 1954, as amended (22 U.S.C. 1750 et seq.) (other than  
24 military assistance), shall be available for use for purposes of  
25 this title, notwithstanding the provisions of any other Act re-



ferred to in this subsection. In the case of any such payments which, were it not for the provisions of this subsection, would have been used to retire notes or obligations issued to finance the activity from which the payments were derived, the President shall assume such notes or obligations, together with any interest accrued and unpaid thereon, in an amount equivalent to such payments.

(c) Except as otherwise provided in this part, the United States dollar assets of the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of the Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—(a) All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

(b) The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (i) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202 (a), and (ii) all other funds made available for this title.

1       (c) In carrying out the purposes of this title, the Presi-  
2 dent shall prepare annually and submit a budget program in  
3 accordance with the provisions of sections 102, 103, and 104  
4 of the Government Corporation Control Act, as amended (31  
5 U.S.C. 847-849).

6       SEC. 204. REPORTS.—At the close of each quarter of  
7 the fiscal year, the President shall submit to the  
8 appropriate committees of the Congress a report of  
9 activities carried out in such quarter under this title,  
10 including appropriate information as to the amount  
11 of loans made under section 201(a), and notes  
12 issued under section 202(a), as well as any under-  
13 takings which have committed the United States  
14 Government to future obligations and expenditures of  
15 funds.

16       SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The  
17 President shall establish an interagency Development Loan  
18 Committee, consisting of such officers from such agencies  
19 of the United States Government as he may determine,  
20 which shall, under the direction of the President, establish  
21 standards and criteria for lending operations under this title  
22 in accordance with the foreign and financial policies of the  
23 United States.



## TITLE II—DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—The President is

authorized to furnish assistance on such terms and conditions

as he may determine in order to promote the technical and

economic development of economically underdeveloped

friendly countries and areas, with emphasis upon assisting

the development of human resources. In so doing,

the President shall take into account (1) whether the

activity gives reasonable promise of contributing to the

development of educational or other institutions and

programs directed toward social progress, (2) the con-

sistency of the activity with, and its relationship to other

development activities being undertaken or planned, and its

contribution to realizable long-range development objectives,

(3) the economic and technical soundness of the activity to

be financed, (4) the extent to which the recipient coun-

try is showing a responsiveness to the vital economic, politi-

cal, and social concerns of its people, and demonstrating a

clear willingness to take effective self-help measures, (5)

the possible adverse effects upon the United States economy,

with special reference to areas of substantial labor surplus,

of the assistance involved, and (6) the desirability of safe-

guarding the international balance of payments position of

1 the United States. If the President finds that assistance  
2 proposed to be furnished under this part would have a sub-  
3 stantially adverse effect upon the United States economy, or  
4 a substantial segment thereof, the assistance shall not be  
5 furnished.

6 SEC. 212. AUTHORIZATION.—There is hereby author-  
7 ized to be appropriated to the President for use beginning  
8 in the fiscal year 1962 to carry out the purposes of section  
9 211 not to exceed \$380,000,000, which shall remain avail-  
10 able until expended.

11 SEC. 213. ATOMS FOR PEACE.—The President is author-  
12 ized to use, in addition to other funds available for such pur-  
13 poses, not to exceed \$2,000,000 of the funds available for  
14 the purposes of section 211 for assistance, on such terms  
15 and conditions as he may determine, designed to promote  
16 the peaceful uses of atomic energy outside the United  
17 States.

18 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS  
19 ABROAD.—(a) The President is authorized to use, in addi-  
20 tion to other funds available for such purposes, funds made  
21 available for the purposes of section 211 for assistance, on  
22 such terms and conditions as he may specify, to schools,  
23 libraries, and hospitals outside the United States founded or  
24 sponsored by United States citizens and serving as study



1 and demonstration centers for ideas and practices of the  
2 United States, or as centers for medical treatment, education,  
3 and research, as the case may be.

4 (b) The President is authorized to use, notwithstanding  
5 the provisions of the Mutual Defense Assistance Control  
6 Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies  
7 accruing to the United States Government under any Act,  
8 for purposes of subsection (a) of this section, and for assist-  
9 ance, on such terms and conditions as he may specify, to  
10 hospitals outside the United States founded or sponsored by  
11 United States citizens and serving as centers for medical  
12 treatment, education, and research.

13 SEC. 215. LOANS TO SMALL FARMERS.—It is the policy  
14 of the United States and the purpose of this section to strengthen  
15 the economies of underdeveloped friendly nations, and in  
16 friendly nations where the economy is essentially rural or  
17 based on small villages, to provide assistance designed to im-  
18 prove agricultural methods and techniques, to stimulate  
19 and encourage the development of local programs of self-  
20 help and mutual cooperation, particularly through loans of  
21 foreign currencies for associations of operators of small farms,  
22 formed for the purpose of joint action designed to increase or  
23 diversify agricultural productivity. The maximum unpaid  
24 balance of loans made to any association under this section

1 may not exceed \$25,000 at any one time; and the aggregate  
2 unpaid balance of all loans made under this section may not  
3 exceed \$25,000,000 at any one time.

4 SEC. 216. VOLUNTARY AGENCIES.—(a) In order to  
5 further the efficient use of United States voluntary contribu-  
6 tions for relief and rehabilitation in countries and areas  
7 eligible for assistance under this Act, the President is author-  
8 ized to use funds made available for the purposes of section  
9 211 to pay transportation charges from United States ports  
10 to ports of entry abroad, or, in the case of landlocked coun-  
11 tries, to points of entry in such countries, on shipments by  
12 the American Red Cross and United States voluntary non-  
13 profit relief agencies registered with and approved by the  
14 Advisory Committee on Voluntary Foreign Aid.

15 (b) Where practicable the President shall make  
16 arrangements with the receiving country for free entry of  
17 such shipments and for the making available by that country  
18 of local currencies for the purpose of defraying the trans-  
19 portation cost of such shipments from the port of entry of  
20 the receiving country to the designated shipping point of  
21 the consignee.

22 TITLE III—INVESTMENT GUARANTIES

23 SEC. 221. GENERAL AUTHORITY.—(a) In order to  
24 facilitate and increase the participation of private enterprise  
25 in furthering the development of the economic resources and



1 productive capacities of economically underdeveloped friendly  
2 countries and areas, the President is authorized to issue  
3 guaranties as provided in subsection (b) of this section of  
4 investments in connection with projects, including expansion,  
5 modernization, or development of existing enterprises, in any  
6 friendly country or area with the government of which the  
7 President has agreed to institute the guaranty program. The  
8 guaranty program authorized by this title shall be admin-  
9 istered under broad criteria, and each such project shall be  
10 approved by the President.

11 (b) The President may issue guaranties to United  
12 States citizens, or corporations, partnerships, or other asso-  
13 ciations in which the majority beneficial interest is held by  
14 United States citizens:

15 (1) assuring protection in whole or in part against  
16 any or all of the following risks:

17 (A) inability to convert into United States dol-  
18 lars other currencies, or credits in such currencies,  
19 received as earnings or profits from the approved  
20 project, as repayment or return of the investment  
21 therein, in whole or in part, or as compensation for  
22 the sale or disposition of all or any part thereof,

23 (B) loss of investment, in whole or in part,  
24 in the approved project due to expropriation or  
25 confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection, or due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project:

*Provided*, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss in whole or in part of a loan investment due to nonpayment for any reason, or assuring against loss in whole or in part of any other form of investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000:

*Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct on the part of the investor: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value of the in-



1 vestment made in the project with the approval of the Presi-  
2 dent plus actual earnings or profits on said investment to the  
3 extent provided by such guaranty, nor shall any guaranty  
4 extend beyond twenty years from the date of issuance.

5 (d) The President shall make suitable arrangements  
6 for protecting the interests of the United States Government  
7 in connection with any guaranty issued under section 221  
8 (b), including arrangements with respect to the ownership,  
9 use, and disposition of the currency, credits, assets, or invest-  
10 ment on account of which payment under such guaranty  
11 is to be made, and any right, title, claim, or cause of action  
12 existing in connection therewith.

13 SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be  
14 charged for each guaranty in an amount to be determined by  
15 the President. In the event the fee to be charged for a type  
16 of guaranty authorized under section 221 (b) is reduced, fees  
17 to be paid under existing contracts for the same type of  
18 guaranty may be similarly reduced.

19 (b) All fees collected in connection with guaranties  
20 issued under this section, under sections 202 (b) and 413 (b)  
21 (4) of the Mutual Security Act of 1954, as amended, and un-  
22 der section 111 (b) (3) of the Economic Cooperation Act of  
23 1948, as amended (22 U.S.C. 1509 (b) (3) ) (exclusive of  
24 fees for informational media guaranties heretofore or here-

1 after issued pursuant to section 1011 of the United States In-  
2 formation and Educational Exchange Act of 1948, as  
3 amended (22 U.S.C. 1442) and section 111 (b) (3) of the  
4 Economic Cooperation Act of 1948, as amended), shall  
5 be available for meeting management and custodial costs  
6 incurred with respect to currencies or other assets acquired  
7 under guaranties made pursuant to section 221 (b) of this  
8 part, sections 202 (b) and 413 (b) (4) of the Mutual Se-  
9 curity Act of 1954, as amended, and section 111 (b) (3)  
10 of the Economic Cooperation Act of 1948, as amended  
11 (exclusive of informational media guaranties), and shall  
12 be available for expenditure in discharge of liabilities  
13 under guaranties made pursuant to such sections, until such  
14 time as all such property has been disposed of and all such  
15 liabilities have been discharged or have expired, or until all  
16 such fees have been expended in accordance with the  
17 provisions of this section.

18 (c) In computing the total face amount of guaranties  
19 outstanding at any one time for purposes of paragraph (1)  
20 of section 221 (b), the President shall include the face  
21 amounts of outstanding guaranties theretofore issued pursuant  
22 to such paragraph, sections 202 (b) and 413 (b) (4) of the  
23 Mutual Security Act of 1954, as amended, and section  
24 111 (b) (3) of the Economic Cooperation Act of 1948, as  
25 amended, but shall exclude informational media guaranties.



(d) Any payments made to discharge liabilities under guaranties issued under section 221 (b) of this part, sections 202 (b) and 413 (b) (4) of the Mutual Security Act of 1954, as amended, and section 111 (b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222 (e), and thereafter shall be paid out of fees referred to in section 222 (b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413 (b) (4) (F) of the Mutual Security Act of 1954, as amended, and section 111 (c) (2) of the Economic Cooperation Act of 1948, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties) and all guaranties issued under section 202 (b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United

1 States Government of all outstanding guaranties. The Presi-  
2 dent shall, in the submission to the Congress of the reports  
3 required by section 632 of this Act, include information on  
4 the operation of this title. Funds obligated in connection  
5 with guaranties issued under section 221 (b) of this part,  
6 sections 202 (b) and 413 (b) (4) of the Mutual Security  
7 Act of 1954, as amended, and section 111 (b) (3) of the  
8 Economic Cooperation Act of 1948, as amended (exclusive  
9 of informational media guaranties), shall constitute a single  
10 reserve, together with funds available for obligation here-  
11 under but not yet obligated, for the payment of claims un-  
12 der all guaranties issued under such sections: *Provided*, That  
13 funds obligated in connection with guaranties issued prior  
14 to July 1, 1956, and guaranties issued under section 202  
15 (b) of the Mutual Security Act of 1954, as amended, shall  
16 not, without the consent of the investor, be available for  
17 the payment of claims arising under any other guaranties.  
18 Funds available for obligation hereunder shall be decreased  
19 by the amount of any payments made to discharge liabilities,  
20 or to meet management and custodial costs incurred with  
21 respect to assets acquired, under guaranties issued pursu-  
22 ant to section 221 (b) of this part, sections 202 (b) and  
23 413 (b) (4) of the Mutual Security Act of 1954, as amended,  
24 and section 111 (b) (3) of the Economic Cooperation Act  
25 of 1948, as amended (exclusive of informational media



1 guaranties), and shall be increased by the amount obligated  
2 for guaranties as to which all liability of the United States  
3 Government has been terminated, and by the amount of  
4 funds realized from the sale of currencies or other assets  
5 acquired in connection with any payments made to dis-  
6 charge liabilities, and the amount of fees collected, under  
7 guaranties issued pursuant to such sections (exclusive of  
8 informational media guaranties).

9 SEC. 223. DEFINITION.—As used in this title—

10 (a) the term “investment” includes any contribution  
11 of capital commodities, services, patents, processes, or tech-  
12 niques in the form of (1) a loan or loans to an approved  
13 project, (2) the purchase of a share of ownership in any  
14 such project, (3) participation in royalties, earnings, or prof-  
15 its of any such project, and (4) the furnishing of capital  
16 commodities and related services pursuant to a contract pro-  
17 viding for payment in whole or in part after the end of the  
18 fiscal year in which the guaranty of such investment is made;  
19 and

20 (b) the term “expropriation” includes any abrogation,  
21 repudiation, or impairment by a foreign government of its  
22 own contract with an investor, where such abrogation, re-  
23 pudiation, or impairment is not caused by the investor’s own  
24 fault or misconduct, and materially adversely affects the  
25 continued operation of the project.

## 1 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

2 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-  
3 courage and promote the undertaking by private enterprise  
4 of surveys of investment opportunities, other than surveys  
5 of extraction opportunities, in economically underdeveloped  
6 friendly countries and areas, the President is authorized to  
7 participate in the financing of such surveys undertaken by  
8 any person as defined in section 233 (a), on such terms and  
9 conditions as he may determine: *Provided*, That his partici-  
10 pation shall not exceed 50 per centum of the total cost of  
11 any such survey. The making of each such survey shall be  
12 approved by the President and the government concerned.

13 (b) In the event that a person who has undertaken a  
14 survey in accordance with this title determines, within a  
15 period of time to be determined by the President, not to  
16 undertake, directly or indirectly, the investment opportunity  
17 surveyed, such person shall turn over to the President a pro-  
18 fessionally acceptable technical report with respect to all  
19 matters explored. Such report shall become the property  
20 of the United States Government, and the United States  
21 Government shall be entitled to have access to, and obtain  
22 copies of, all underlying correspondence, memorandums,  
23 working papers, documents, and other materials in connec-  
24 tion with the survey.

25 SEC. 232. AUTHORIZATION.—There is hereby author-



1 ized to be appropriated to the President for use beginning in  
2 the fiscal year 1962 to carry out the purposes of this title  
3 not to exceed \$5,000,000, which shall remain available until  
4 expended.

5 SEC. 233. DEFINITIONS.—As used in this title—

6 (a) the term “person” means a citizen of the  
7 United States or any corporation, partnership, or other  
8 association in which the majority beneficial interest is  
9 held by United States citizens; and

10 (b) the term “survey of extraction opportunities”  
11 means any survey directed (i) to ascertaining the exist-  
12 ence, location, extent, or quality of any deposit of ore,  
13 oil, gas, or other mineral, or (ii) to determining the fea-  
14 sibility of undertaking operations for the mining or other  
15 extraction of any such mineral or for the processing of  
16 any such mineral to the stage of commercial market-  
17 ability.

18 TITLE V—DEVELOPMENT RESEARCH

19 SEC. 241. GENERAL AUTHORITY.—The President is  
20 authorized to use funds available for this part to carry out  
21 programs of evaluation and research into the process of eco-  
22 nomic development in economically underdeveloped friendly  
23 countries and areas, into the factors affecting the relative suc-  
24 cess and costs of development activities, and into the means,  
25 techniques, and such other aspects of development assistance

1 as he may determine, in order to render such assistance of  
2 increasing value and benefit.

3 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND  
4 PROGRAMS

5 SEC. 301. GENERAL AUTHORITY.—(a) When he de-  
6 termines it to be in the national interest, the President  
7 is authorized to make voluntary contributions on a grant  
8 basis to international organizations and to programs admin-  
9 istered by such organizations on such terms and conditions  
10 as he may determine, in order to further the purposes of  
11 this part.

12 (b) Contributions to the United Nations Expanded  
13 Program of Technical Assistance and the United Nations  
14 Special Fund for the calendar years succeeding 1961 may  
15 not exceed forty per centum of the total amount contributed  
16 for such purpose (including assessed and audited local costs)  
17 for each such year.

18 (c) In determining whether or not to continue furnish-  
19 ing assistance for Palestine refugees in the Near East through  
20 contributions to the United Nations Relief and Works  
21 Agency for Palestine Refugees in the Near East, the Presi-  
22 dent shall take into account (1) whether Israel and the Arab  
23 host governments are taking steps toward the resettlement  
24 and repatriation of such refugees, and (2) the extent and



1 success of efforts by the Agency and the Arab host govern-  
2 ments to rectify the Palestine refugee relief rolls.

3 SEC. 302. AUTHORIZATION.—There is hereby author-  
4 ized to be appropriated to the President for use, in addition to  
5 funds available under any other Act for such purposes, for  
6 the fiscal year 1962 to carry out the purposes of this chapter  
7 not to exceed \$153,500,000.

8 SEC. 303. INDUS BASIN DEVELOPMENT.—In the event  
9 that funds made available under this Act (other than part  
10 II) are used by or under the supervision of the International  
11 Bank for Reconstruction and Development in furtherance of  
12 the development of the Indus Basin through the program of  
13 cooperation among South Asian and other countries of the  
14 free world, which is designed to promote economic growth and  
15 political stability in South Asia, such funds may be used in  
16 accordance with requirements, standards, or procedures  
17 established by the Bank concerning completion of plans and  
18 cost estimates and determination of feasibility, rather than  
19 with requirements, standards, or procedures concerning such  
20 matters set forth in this or other Acts; and such funds may  
21 also be used without regard to the provisions of section  
22 901 (b) of the Merchant Marine Act, 1936, as amended  
23 (46 U.S.C. 1241), whenever the President determines that  
24 such provisions cannot be fully satisfied without seriously

1 impeding or preventing accomplishment of the purposes of  
2 such programs: *Provided*, That compensating allowances are  
3 made in the administration of other programs to the same or  
4 other areas to which the requirements of said section 901 (b)  
5 are applicable.

6 CHAPTER 4—SUPPORTING ASSISTANCE

7 SEC. 401. GENERAL AUTHORITY.—The President is au-  
8 thorized to furnish assistance to friendly countries, organiza-  
9 tions, and bodies eligible to receive assistance under this part  
10 on such terms and conditions as he may determine, in order  
11 to support or promote economic or political stability.

12 SEC. 402. AUTHORIZATION.—There is hereby author-  
13 ized to be appropriated to the President for use beginning in  
14 the fiscal year 1962 to carry out the purposes of this chapter  
15 not to exceed \$481,000,000, which shall remain available  
16 until expended.

17 SEC. 403. SPECIAL PROVISION.—The President shall  
18 take appropriate measures to assure the use of counterpart  
19 funds. In cases where any commodity is to be furnished on  
20 a grant basis under arrangements which will result in the  
21 accrual of proceeds to the recipient country from the import  
22 or sale thereof, such assistance shall be furnished only if  
23 the recipient country shall have agreed to establish a Special  
24 Account, and

25 (1) deposit in the Special Account, under such



1 terms and conditions as may be agreed upon, currency  
2 of the recipient nation in amounts equal to such pro-  
3 ceeds; and

4 (2) make available to the United States such por-  
5 tion of the Special Account as may be determined by  
6 the President to be necessary for the requirements of  
7 the United States: *Provided*, That such portion shall  
8 not be less than 10 per centum in the case of any coun-  
9 try to which such minimum requirement has been ap-  
10 plicable under any Act repealed by this Act.

#### 11 CHAPTER 5—CONTINGENCY FUND

12 SEC. 451. CONTINGENCY FUND.—(a) There is hereby  
13 authorized to be appropriated to the President for the fiscal  
14 year 1962 not to exceed \$300,000,000 for use by the Presi-  
15 dent for assistance authorized by part I in accordance with  
16 the provisions applicable to the furnishing of such assistance,  
17 when he determines such use to be important to the national  
18 interest.

19 (b) The President shall keep the appropriate com-  
20 mittees of the Congress currently informed of the use of  
21 funds under this section.

#### 22 CHAPTER 6—ASSISTANCE TO NATIONS HAVING AGRARIAN 23 ECONOMIES

24 SEC. 461. ASSISTANCE TO NATIONS HAVING AGRARIAN  
25 ECONOMIES.—(a) It is the policy of the United States and

1 the purpose of this part to secure for the peoples of economi-  
2 cally underdeveloped countries and areas a better and fuller  
3 life, and to establish programs of assistance which meet the  
4 needs of individuals and families who, impatient with their  
5 present status, are undergoing a revolution of rising expecta-  
6 tions.

7 (b) In order to accomplish the purposes of this section  
8 and wherever the President determines that the economy of  
9 any country is in major part an agrarian economy, at least  
10 50 percent by dollar value of all assistance furnished under  
11 this part to such country in each fiscal year shall be  
12 furnished through programs which directly or indirectly  
13 reach the people in such country who are engaged in agrarian  
14 pursuits or who live in the villages or rural areas in such  
15 nation, including programs which will assist them in the  
16 establishment of indigenous cottage industries, in the im-  
17 provement of agricultural methods and techniques, and which  
18 will encourage the development of local programs of self-  
19 help and mutual cooperation.

## 20 PART II

### 21 CHAPTER 1—SHORT TITLE AND POLICY

22 SEC. 501. SHORT TITLE.—This part may be cited as  
23 the “International Peace and Security Act of 1961”.

24 SEC. 502. STATEMENT OF POLICY.—The Congress of



1 the United States reaffirms the policy of the United States  
2 to achieve international peace and security through the  
3 United Nations so that armed force shall not be used except  
4 for individual or collective self-defense. The Congress  
5 hereby finds that the efforts of the United States and other  
6 friendly countries to promote peace and security continue to  
7 require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part  
8 to authorize measures in the common defense against internal and external aggression, including the furnishing of  
9 military assistance, upon request, to friendly countries and  
10 international organizations. In furnishing such military  
11 assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of  
12 weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate  
13 safeguards to protect complying nations against violation  
14 and evasion.

19 The Congress recognizes that the peace of the world  
20 and the security of the United States are endangered so  
21 long as international communism and the countries it controls continue by threat of military action, by the use of  
22 economic pressure, and by internal subversion, or other  
23 means to attempt to bring under their domination peoples

1 now free and independent and continue to deny the rights  
2 of freedom and self-government to peoples and countries once  
3 free but now subject to such domination.

4 In enacting this legislation, it is therefore the intention  
5 of the Congress to promote the peace of the world and the  
6 foreign policy, security, and general welfare of the United  
7 States by fostering an improved climate of political inde-  
8 pendence and individual liberty, improving the ability of  
9 friendly countries and international organizations to deter or,  
10 if necessary, defeat Communist or Communist-supported ag-  
11 gression, facilitating arrangements for individual and collec-  
12 tive security, assisting friendly countries to maintain internal  
13 security, and creating an environment of security and sta-  
14 bility in the developing friendly countries essential to their  
15 more rapid social, economic, and political progress. The  
16 Congress urges that all other countries able to contribute  
17 join in a common undertaking to meet the goals stated in this  
18 part.

19 Finally, the Congress reaffirms its full support of the  
20 progress of the members of the North Atlantic Treaty  
21 Organization toward increased cooperation in political, mili-  
22 tary, and economic affairs. In particular, the Congress wel-  
23 comes the steps which have been taken to promote multi-  
24 lateral programs of coordinated procurement, research,  
25 development, and production of defense articles and urges



1 that such programs be expanded to the fullest extent possible  
2 to further the defense of the North Atlantic Area.

3 CHAPTER 2—MILITARY ASSISTANCE

4 SEC. 503. GENERAL AUTHORITY.—The President is au-  
5 thorized to furnish military assistance on such terms and con-  
6 ditions as he may determine, to any friendly country or  
7 international organization, the assisting of which the Presi-  
8 dent finds will strengthen the security of the United States  
9 and promote world peace and which is otherwise eligible to  
10 receive such assistance, by—

11 (a) acquiring from any source and providing (by  
12 loan, lease, sale, exchange, grant, or any other means)  
13 any defense article or defense service;

14 (b) making financial contributions to multilateral  
15 programs for the acquisition or construction of facilities  
16 in foreign countries for collective defense;

17 (c) providing financial assistance for expenses  
18 incident to participation by the United States Govern-  
19 ment in regional or collective defense organizations; and

20 (d) assigning or detailing members of the Armed  
21 Forces of the United States and other personnel of the  
22 Department of Defense to perform duties of a noncom-  
23 batant nature, including those related to training or  
24 advice.

25 SEC. 504. AUTHORIZATION.—There is hereby author-

1 ized to be appropriated to the President for use beginning  
2 in the fiscal year 1962 not to exceed \$1,800,000,000, and  
3 for the fiscal year 1963 such sums as may be necessary,  
4 to carry out the purposes of this part, which sums shall  
5 remain available until expended.

6 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military  
7 assistance to any friendly country shall be furnished solely for  
8 internal security, for legitimate self-defense, to permit the re-  
9 cipient country to participate in regional or collective ar-  
10 rangements or measures consistent with the Charter of the  
11 United Nations, or otherwise to permit the recipient country  
12 to participate in collective measures requested by the United  
13 Nations for the purpose of maintaining or restoring interna-  
14 tional peace and security.

15 (b) To the extent feasible and consistent with the other  
16 purposes of this part, the use of military forces in economi-  
17 cally underdeveloped friendly countries in the construction  
18 of public works and other activities helpful to economic  
19 development shall be encouraged.

20 SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addi-  
21 tion to such other provisions as the President may require, no  
22 defense articles or defense services shall be furnished to any  
23 country unless it shall have agreed that—

24 (1) It will not, without the consent of the President—



1           (A) permit any use of such articles or services by  
2 anyone not an officer, employee, or agent of that country,

3           (B) transfer or divulge, or permit any officer, em-  
4 ployee, or agent of that country to transfer or divulge,  
5 such articles or services, as the case may be, by gift,  
6 sale, or otherwise, or

7           (C) use or permit the use of such articles or serv-  
8 ices for purposes other than those for which furnished;

9       (2) It will maintain the security of such articles or  
10 services, and will provide substantially the same degree of  
11 security protection afforded to such articles or services by  
12 the United States Government;

13       (3) It will, as the President may require, permit con-  
14 tinuous observation and review by, and furnish necessary  
15 information to, representatives of the United States Govern-  
16 ment with regard to the use of such articles and services,  
17 other than those acquired by purchase or exchange; and

18       (4) Unless the President consents to other disposition,  
19 it will return to the United States Government for such use  
20 or disposition as the President considers in the best interests  
21 of the United States, such articles, other than those acquired  
22 by purchase or exchange, which are no longer needed for  
23 the purposes for which furnished.

1       (b) In addition to such other provisions as the President  
2 may require, no defense articles or defense services shall  
3 be furnished to any country at a cost in excess of \$1,000,000  
4 in any fiscal year unless the President determines—

5           (1) that such country conforms to the purposes and  
6 principles of the Charter of the United Nations;

7           (2) that such defense articles or defense services  
8 will be utilized by such country for the maintenance of  
9 its own defensive strength and the defensive strength  
10 of the free world;

11          (3) that such country is taking all reasonable  
12 measures, consistent with its political and economic  
13 stability, which may be needed to develop its defense  
14 capacities; and

15          (4) that the increased ability of such country to  
16 defend itself is important to the security of the United  
17 States.

18       SEC. 507. SALES.—(a) The President may furnish de-  
19 fense articles from the stocks of the Department of Defense  
20 and defense services to any friendly country or international  
21 organization, without reimbursement from funds made avail-  
22 able for use under this part, if such country or international  
23 organization agrees to pay the value thereof in United States  
24 dollars. Payment shall be made in advance or, as determined  
25 by the President to be in the best interests of the United



1 States, within a reasonable period not to exceed three years  
2 after the delivery of the defense articles, or the provision of  
3 the defense services. For the purposes of this subsection,  
4 the value of excess defense articles shall be not less than  
5 (i) the value specified in section 644 (m) (1) plus the scrap  
6 value, or (ii) the market value, if ascertainable, whichever  
7 is the greater.

8 (b) The President may, without requirement for charge  
9 to any appropriation or contract authorization otherwise pro-  
10 vided, enter into contracts for the procurement of defense  
11 articles or defense services for sale to any friendly country or  
12 international organization if such country or international or-  
13 ganization provides the United States Government with a de-  
14 pendable undertaking (i) to pay the full amount of such  
15 contract which will assure the United States Government  
16 against any loss on the contract, and (ii) to make funds  
17 available in such amounts and at such times as may be re-  
18 quired to meet the payments required by the contract, and  
19 any damages and costs that may accrue from the cancellation  
20 of such contract, in advance of the time such payments,  
21 damages, or costs are due.

22 SEC. 508. REIMBURSEMENTS.—Whenever funds made  
23 available for use under this part are used to furnish military  
24 assistance on cash or credit terms, United States dollar re-  
25 payments, including dollar proceeds derived from the sale

1 of foreign currency repayments to any agency or program of  
2 the United States Government, shall be credited to the cur-  
3 rent applicable appropriation, and shall be available until  
4 expended solely for the purpose of furnishing further mili-  
5 tary assistance on cash or credit terms, and, notwithstanding  
6 any provision of law relating to receipts and credits accruing  
7 to the United States Government, repayments in foreign  
8 currency may be used to carry out this part.

9       SEC. 509. EXCHANGES.—Defense articles or defense  
10 services transferred to the United States Government by a  
11 country or international organization as payment for assist-  
12 ance furnished under this part may be used to carry out this  
13 part, or may be disposed of or transferred to any agency of  
14 the United States Government for stockpiling or other pur-  
15 poses. If such disposal or transfer is made subject to reim-  
16 bursement, the funds so received shall be credited to the  
17 appropriation, fund, or account funding the cost of the  
18 assistance furnished or to any appropriation, fund, or account  
19 currently available for the same general purpose.

20       SEC. 510. SPECIAL AUTHORITY.—(a) The President  
21 may, if he determines it to be vital to the security of the  
22 United States, order defense articles from the stocks of the  
23 Department of Defense and defense services for the purposes  
24 of part II, subject to subsequent reimbursement therefor  
25 from subsequent appropriations available for military assist-



1   ance. The value of such orders under this subsection in any  
2   fiscal year shall not exceed \$400,000,000. Prompt notice of  
3   action taken under this subsection shall be given to the appro-  
4   priate committees of the Congress.

5       (b) The Department of Defense is authorized to incur,  
6   in applicable appropriations, obligations in anticipation of  
7   reimbursements in amounts equivalent to the value of such  
8   orders under subsection (a) of this section. Appropriations  
9   to the President of such sums as may be necessary to reim-  
10   burse the applicable appropriation, fund, or account for such  
11   orders are hereby authorized.

12       SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN  
13   AMERICA.—(a) The value of grant programs of defense  
14   articles for American Republics, pursuant to any authority  
15   contained in this part other than section 507, in any fiscal  
16   year beginning with the fiscal year 1962, shall not exceed  
17   \$60,000,000: *Provided*, That an amount equal to the amount  
18   by which the foregoing ceiling reduces the program as  
19   presented to the Congress for the fiscal year 1962 shall be  
20   transferred to and consolidated with the appropriation made  
21   pursuant to section 212 and shall be used for development  
22   grants in American Republics.

23       (b) Internal security requirements shall not, unless the  
24   President determines otherwise, be the basis for military  
25   assistance programs for American Republics.

## PART III

## CHAPTER 1—GENERAL PROVISIONS

1  
2  
3 SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the  
4 objective of the people of the United States to attain a peace-  
5 ful world where freedom of the individual and the dignity  
6 of man are recognized, and where the State is the servant  
7 and not the master of its citizens, it is the desire, hope, and  
8 anticipation of the Congress that countries receiving assist-  
9 ance under this Act guarantee to their people freedom of  
10 speech, freedom of religion, and freedom of the press.

11 SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE  
12 AND PRIVATE PARTICIPATION.—(a) The Congress of the  
13 United States recognizes the vital role of free enterprise in  
14 achieving rising levels of production and standards of living  
15 essential to economic progress and development. Accord-  
16 ingly, it is declared to be the policy of the United States  
17 to encourage the efforts of other countries to increase the  
18 flow of international trade, to foster private initiative and  
19 competition, to discourage monopolistic practices, to im-  
20 prove the technical efficiency of their industry, agriculture,  
21 and commerce, and to strengthen free labor unions; and to  
22 encourage the contribution of United States enterprise to-  
23 ward economic strength of economically underdeveloped free  
24 countries, through private trade and investment abroad,  
25 private participation in programs carried out under this Act



1 (including the use of private trade channels to the maximum  
2 extent practicable in carrying out such programs), and ex-  
3 change of ideas and technical information on the matters  
4 covered by this section.

5 (b) In order to encourage and facilitate participation  
6 by private enterprise to the maximum extent practicable in  
7 achieving any of the purposes of this Act, the President  
8 shall—

9 (1) make arrangements to find, and draw the at-  
10 tention of private enterprise to, opportunities for invest-  
11 ment and development in economically underdeveloped  
12 free countries and areas;

13 (2) accelerate a program of negotiating treaties for  
14 commerce and trade, including tax treaties, which shall  
15 include provisions to encourage and facilitate the flow of  
16 private investment to, and its equitable treatment in,  
17 free countries and areas participating in programs under  
18 this Act; and

19 (3) seek, consistent with the national interest, com-  
20 pliance by other countries or areas with all treaties for  
21 commerce and trade and taxes, and take all reasonable  
22 measures under this Act or other authority to secure  
23 compliance therewith and to assist United States citi-  
24 zens in obtaining just compensation for losses sustained  
25 by them or payments exacted from them as a result of

1 measures taken or imposed by any country or area  
2 thereof in violation of any such treaty.

3 SEC. 602. SMALL BUSINESS.—Insofar as practicable  
4 and to the maximum extent consistent with the accomplish-  
5 ment of the purposes of this Act, the President shall assist  
6 American small business to participate equitably in the fur-  
7 nishing of commodities, defense articles, and services (in-  
8 cluding defense services) financed with funds made available  
9 under this Act—

10 (1) by causing to be made available to suppliers in  
11 the United States, and particularly to small independent  
12 enterprises, information, as far in advance as possible,  
13 with respect to purchases proposed to be financed with  
14 such funds;

15 (2) by causing to be made available to prospective  
16 purchasers in the countries and areas receiving assist-  
17 ance under this Act information as to such commodities,  
18 articles, services produced by small independent enter-  
19 prises in the United States; and

20 (3) by providing for additional services to give  
21 small business better opportunities to participate in the  
22 furnishing of such commodities, articles, and services  
23 financed with such funds.

24 SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

25 The ocean transportation between foreign countries of com-



1 commodities and defense articles procured out of local cur-  
2 rency funds made available or derived from funds made  
3 available under this Act or the Agricultural Trade Develop-  
4 ment and Assistance Act of 1954, as amended (7 U.S.C.  
5 1691 and the following), shall not be governed by the  
6 provisions of section 901 (b) of the Merchant Marine Act,  
7 1936, or any other law relating to the ocean trans-  
8 portation of commodities and defense articles on United  
9 States flag vessels. Sales of fresh fruit and the products  
10 thereof under this Act shall be exempt from the requirements  
11 of the cargo preference laws (Public Resolution 17, Seventy-  
12 third Congress, and section 901 (b) of the Merchant Marine  
13 Act, 1936, as amended).

14 SEC. 604. PROCUREMENT.—(a) Funds made available  
15 under this Act may be used for procurement outside the  
16 United States only if the President determines that such pro-  
17 curement will not result in adverse effects upon the economy  
18 of the United States or the industrial mobilization base, with  
19 special reference to any areas of labor surplus or to the net  
20 position of the United States in its balance of payments with  
21 the rest of the world, which outweigh the economic or other  
22 advantages to the United States of less costly procurement  
23 outside the United States.

24 (b) No funds made available under this Act shall be  
25 used for the purchase in bulk of any commodities at prices

1 higher than the market price prevailing in the United States  
2 at the time of purchase, adjusted for differences in the cost  
3 of transportation to destination, quality, and terms of pay-  
4 ment.

5 (c) In providing for the procurement of any surplus  
6 agricultural commodity for transfer by grant under this Act  
7 to any recipient country in accordance with its requirements,  
8 the President shall, insofar as practicable and when in fur-  
9 therance of the purposes of this Act, authorize the procure-  
10 ment of such surplus agricultural commodity only within the  
11 United States except to the extent that such surplus agricul-  
12 tural commodity is not available in the United States in  
13 sufficient quantities to supply the emergency requirements of  
14 recipients under this Act.

15 (d) In providing assistance in the procurement of com-  
16 modities in the United States, United States dollars shall be  
17 made available for marine insurance on such commodities  
18 where such insurance is placed on a competitive basis in  
19 accordance with normal trade practice prevailing prior to the  
20 outbreak of World War II: *Provided*, That in the event a  
21 participating country, by statute, decree, rule, or regulation,  
22 discriminates against any marine insurance company au-  
23 thorized to do business in any State of the United States,  
24 then commodities purchased with funds provided hereunder  
25 and destined for such country shall be insured in the United



1 States against marine risk with a company or companies  
2 authorized to do a marine insurance business in any State  
3 of the United States.

4 SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any  
5 commodities and defense articles procured to carry out this  
6 Act shall be retained by, or upon reimbursement, trans-  
7 ferred to, and for the use of, such agency of the United  
8 States Government as the President may determine in lieu  
9 of being disposed of to a foreign country or international  
10 organization, whenever in the judgment of the President the  
11 best interests of the United States will be served thereby,  
12 or whenever such retention is called for by concurrent reso-  
13 lution. Any commodities or defense articles so retained may  
14 be disposed of without regard to provisions of law relating to  
15 the disposal of property owned by the United States Govern-  
16 ment, when necessary to prevent spoilage or wastage of such  
17 commodities or defense articles or to conserve the usefulness  
18 thereof. Funds realized from any disposal or transfer shall  
19 revert to the respective appropriation, fund, or account used  
20 to procure such commodities or defense articles or to the  
21 appropriation, fund, or account currently available for the  
22 same general purpose.

23 (b) Whenever commodities are transferred to the United  
24 States Government as repayment of assistance under this  
25 Act, such commodities may be used in furtherance of the

1 purposes of this Act in accordance with the provisions of this  
2 Act applicable to the furnishing of such assistance.

3 SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

4 (a) Whenever, in connection with the furnishing of assist-  
5 ance under this Act—

6 (1) an invention or discovery covered by a patent  
7 issued by the United States Government is practiced  
8 within the United States without the authorization of  
9 the owner, or

10 (2) information, which is (i) protected by law,  
11 and (ii) held by the United States Government subject  
12 to restrictions imposed by the owner, is disclosed by  
13 the United States Government or any of its officers, em-  
14 ployees, or agents in violation of such restrictions,  
15 the exclusive remedy of the owner, except as provided in  
16 subsection (b) of this section, is to sue the United States  
17 Government for reasonable and entire compensation for such  
18 practice or disclosure in the district court of the United  
19 States for the district in which such owner is a resident, or  
20 in the Court of Claims, within six years after the cause of  
21 action arises. Any period during which the United States  
22 Government is in possession of a written claim under sub-  
23 section (b) of this section before mailing a notice of denial  
24 of that claim does not count in computing the six years. In  
25 any such suit, the United States Government may plead any



1 defense that may be pleaded by a private person in such an  
2 action. The last paragraph of section 1498 (a) of title 28 of  
3 the United States Code shall apply to inventions and in-  
4 formation covered by this section.

5 (b) Before suit against the United States Government  
6 has been instituted, the head of the agency of the United  
7 States Government concerned may settle and pay any claim  
8 arising under the circumstances described in subsection (a)  
9 of this section. No claim may be paid under this subsection  
10 unless the amount tendered is accepted by the claimant in  
11 full satisfaction.

12 SEC. 607. FURNISHING OF SERVICES AND COMMODI-  
13 TIES.—Whenever the President determines it to be consistent  
14 with and in furtherance of the purposes of part I and within  
15 the limitations of this Act, any agency of the United States  
16 Government is authorized to furnish services and commodi-  
17 ties on an advance-of-funds or reimbursement basis to friendly  
18 countries, international organizations, the American Red  
19 Cross, and voluntary nonprofit relief agencies registered with  
20 and approved by the Advisory Committee on Voluntary For-  
21 eign Aid. Such advances or reimbursements which are re-  
22 ceived under this section within one hundred and eighty days  
23 after the close of the fiscal year in which such services and  
24 commodities are delivered, may be credited to the current ap-  
25 plicable appropriation, account, or fund of the agency con-

1 cerned and shall be available for the purposes for which such  
2 appropriation, account, or fund is authorized to be used.

3 SEC. 608. ADVANCE ACQUISITION OF PROPERTY.— (a)

4 The President is authorized to maintain in a separate account,  
5 which shall, notwithstanding section 1210 of the General  
6 Appropriation Act, 1951 (64 Stat. 765), be free from fiscal  
7 year limitation, \$5,000,000 of funds made available under  
8 section 212, which may be used to pay costs of acquisition,  
9 storage, renovation and rehabilitation, packing, crating,  
10 handling, transportation, and related costs of property classi-  
11 fied as domestic or foreign excess property pursuant to the  
12 Federal Property and Administrative Services Act of 1949,  
13 as amended (40 U.S.C. 471 et seq.), or other property, in  
14 advance of known requirements therefor for use in further-  
15 ance of the purposes of part I: *Provided*, That the amount of  
16 property classified as domestic excess property pursuant to  
17 the Federal Property and Administrative Services Act of  
18 1949, as amended (40 U.S.C. 471 et seq.), held at any  
19 one time pursuant to this section shall not exceed \$15,000,-  
20 000 in total original acquisition cost. Property acquired pur-  
21 suant to the preceding sentence may be furnished (i) pur-  
22 suant to any provision of part I for which funds are authorized  
23 for the furnishing of assistance, in which case the separate ac-  
24 count established pursuant to this section shall be repaid from  
25 funds made available for such provision for all costs incur-



1 red, or (ii) pursuant to section 607, in which case such  
2 separate account shall be repaid in accordance with the pro-  
3 visions of that section for all costs incurred.

4 (b) Property classified as domestic excess property  
5 under the Federal Property and Administrative Services  
6 Act of 1949, as amended (40 U.S.C. 471 et seq.), shall  
7 not be transferred to the agency primarily responsible for  
8 administering part I for use pursuant to the provisions of  
9 part I or section 607 unless (1) such property is trans-  
10 ferred for use exclusively by an agency of the United States  
11 Government, or (2) it has been determined in the same  
12 manner as provided for surplus property in section 203 (j)  
13 of the Federal Property and Administrative Services Act  
14 of 1949, as amended, that such property is not needed for  
15 donation pursuant to that subsection. The foregoing restric-  
16 tions shall not apply to the transfer in any fiscal year for  
17 use pursuant to the provisions of part I of amounts of such  
18 property with a total original acquisition cost to the United  
19 States Government not exceeding \$35,000,000.

20 SEC. 609. TRANSFER BETWEEN ACCOUNTS.—When-  
21 ever the President determines it to be necessary for the  
22 purposes of this Act, not to exceed 10 per centum of the  
23 funds made available for any provision of this Act may be  
24 transferred to, and consolidated with, the funds made avail-  
25 able for any other provision of this Act, and may be used

1 for any of the purposes for which such funds may be used,  
2 except that the total in the provision for the benefit of which  
3 the transfer is made shall not be increased by more than  
4 20 per centum of the amount of funds made available for  
5 such provision.

6 SEC. 610. COMPLETION OF PLANS AND COST ESTI-  
7 MATES.—(a) No agreement or grant which constitutes an  
8 obligation of the United States Government in excess of  
9 \$100,000 under section 1311 of the Supplemental Appropri-  
10 ation Act, 1955, as amended (31 U.S.C. 200), shall be  
11 made for any assistance authorized under titles I and II  
12 of chapter 2 and chapter 4 of part I—

13 (1) if such agreement or grant requires substantive  
14 technical or financial planning, until engineering, finan-  
15 cial, and other plans necessary to carry out such assist-  
16 ance, and a reasonably firm estimate of the cost to the  
17 United States Government of providing such assist-  
18 ance, have been completed; and

19 (2) if such agreement or grant requires legislative  
20 action within the recipient country, unless such legis-  
21 lative action may reasonably be anticipated to be com-  
22 pleted in time to permit the orderly accomplishment of  
23 the purposes of such agreement or grant.

24 (b) Plans required under subsection (a) of this section  
25 for any water or related land resource construction project



1 or program shall include a computation of benefits and costs  
2 made insofar as practicable in accordance with the procedures  
3 set forth in circular A-47 of the Bureau of the Budget with  
4 respect to such computations.

5 (c) To the maximum extent practicable, all contracts for  
6 construction outside the United States made in connection  
7 with any agreement or grant subject to subsection (a) of  
8 this section shall be made on a competitive basis.

9 (d) Subsection (a) of this section shall not apply to  
10 any assistance furnished for the sole purpose of preparation  
11 of engineering, financial, and other plans.

12 SEC. 611. USE OF FOREIGN CURRENCIES.—Except as  
13 otherwise provided in this Act or other Acts, foreign cur-  
14 rencies received either (1) as a result of the furnishing of  
15 nonmilitary assistance under the Mutual Security Act of  
16 1954, as amended, or any Act repealed thereby, and unob-  
17 ligated on the date prior to the effective date of this Act, or  
18 (2) on or after the effective date of this Act, as a result of  
19 the furnishing of nonmilitary assistance under the Mutual  
20 Security Act of 1954, as amended, or any Act repealed  
21 thereby, or (3) as a result of the furnishing of assistance  
22 under part I, may be sold by the Secretary of the Treasury  
23 to agencies of the United States Government for payment  
24 of their obligations outside the United States, and the United

1 States dollars received as reimbursement shall be deposited  
2 into miscellaneous receipts of the Treasury. Foreign cur-  
3 rencies so received which are in excess of the requirements  
4 of the United States Government in payment of its obliga-  
5 tions outside the United States, as such requirements may be  
6 determined from time to time by the President, shall be  
7 available for the authorized purposes of part I in such amounts  
8 as may be specified from time to time in appropriation Acts.

9 SEC. 612. SPECIAL AUTHORITIES.— (a) The President  
10 may authorize in each fiscal year the use of funds made available  
11 for use under this Act and the furnishing of assistance under sec-  
12 tion 510 in a total amount not to exceed \$250,000,000 and the  
13 use of not to exceed \$100,000,000 of foreign currencies accru-  
14 ing under this Act or any other law, without regard to the re-  
15 quirements of this Act, any law relating to receipts and credits  
16 accruing to the United States, any Act appropriating funds for  
17 use under this Act, or the Mutual Defense Assistance Control  
18 Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of  
19 the purposes of such Acts, when the President determines that  
20 such authorization is important to the security of the United  
21 States. Not more than \$50,000,000 of the funds available  
22 under this subsection may be allocated to any one country  
23 in any fiscal year.

24 (b) Whenever the President determines it to be impor-  
25 tant to the national interest, he may use funds available for



1 the purposes of chapter 4 of part I in order to meet the re-  
2 sponsibilities or objectives of the United States in Germany,  
3 including West Berlin, and without regard to such provisions  
4 of law as he determines should be disregarded to achieve  
5 this purpose.

6 (c) The President is authorized to use amounts not to  
7 exceed \$50,000,000 of the funds made available under this  
8 Act pursuant to his certification that it is inadvisable to  
9 specify the nature of the use of such funds, which certifica-  
10 tion shall be deemed to be a sufficient voucher for such  
11 amounts.

12 SEC. 613. CONTRACT AUTHORITY.—Provisions of this  
13 Act authorizing the appropriation of funds shall be construed  
14 to authorize the granting in any appropriation Act of author-  
15 ity to enter into contracts, within the amounts so authorized  
16 to be appropriated, creating obligations in advance of  
17 appropriations.

18 SEC. 614. AVAILABILITY OF FUNDS.—Except as other-  
19 wise provided in this Act, funds shall be available to carry  
20 out the provisions of this Act as authorized and appropriated  
21 to the President each fiscal year.

22 SEC. 615. COORDINATION WITH OTHER FREE NATIONS  
23 AND ORGANIZATION OF AMERICAN STATES.—The Presi-  
24 dent shall provide for the coordination of programs of as-  
25 sistance carried out under this Act with programs of as-

1   sistance being carried out by other free countries, and by the  
2   Organization of American States and other international  
3   organizations.

4       SEC. 616. TERMINATION OF ASSISTANCE.—Assistance  
5   under any provision of this Act may, unless sooner termi-  
6   nated by the President, be terminated by concurrent reso-  
7   lution. Funds made available under this Act shall remain  
8   available for a period not to exceed twelve months from the  
9   date of termination of assistance under this Act for the neces-  
10   sary expenses of winding up programs related thereto.

11       SEC. 617. ASSISTANCE TO CUBA.—No assistance shall  
12   be furnished under this Act to Cuba unless the President  
13   determines that such assistance is in the national and hemi-  
14   spheric interest of the United States.

15       SEC. 618. PROHIBITION AGAINST FURNISHING AS-  
16   SISTANCE TO CERTAIN COUNTRIES.—No assistance shall be  
17   furnished under this Act to any country or area dominated  
18   or controlled by the international Communist movement.

19               CHAPTER 2—ADMINISTRATIVE PROVISIONS

20       SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-  
21   dent may exercise any functions conferred upon him by this  
22   Act through such agency or officer of the United States  
23   Government as he shall direct. The head of any such agency  
24   or such officer may from time to time promulgate such rules  
25   and regulations as may be necessary to carry out such func-



1 tions, and may delegate authority to perform any such func-  
2 tions, including, if he shall so specify, the authority succes-  
3 sively to redelegate any of such functions, to any of his  
4 subordinates.

5 (b) Notwithstanding the provisions of section 642 (a),  
6 the Development Loan Fund, the International Cooperation  
7 Administration, and the Office of the Inspector General and  
8 Comptroller shall continue in existence for a period not to  
9 exceed sixty days after the effective date of this Act, unless  
10 sooner abolished by the President. There shall continue  
11 to be available to each such agency and office during such  
12 period the respective functions, offices, personnel, property,  
13 records, funds, and assets which were available thereto on  
14 the date prior to the effective date of this Act.

15 (c) On the date of the abolition of the Development  
16 Loan Fund, the President shall designate an officer or head  
17 of an agency of the United States Government carrying out  
18 functions under part I to whom shall be transferred, and  
19 who shall accept the assets of, assume the obligations and  
20 liabilities of, and exercise the rights established or acquired  
21 for the benefit of, or with respect to, the fund as of the date  
22 of abolition and not otherwise disposed of by this Act. In  
23 addition, on such date the President shall designate such  
24 officer or head of agency as the person to be sued in the event  
25 of default in the fulfillment of the obligations of the fund,

1 and shall transfer to such officer or head of agency such  
2 offices, entities, functions, personnel, property, and records  
3 of the fund as may be necessary.

4 (d) On the date of the abolition of the International  
5 Cooperation Administration, the President shall transfer to an  
6 officer or head of an agency of the United States Govern-  
7 ment carrying out functions under part I such offices, en-  
8 tities, functions, personnel, property, records, and funds of  
9 such agency, not otherwise disposed of by this Act, as may  
10 be necessary.

11 (e) On the date of the abolition of the agencies  
12 referred to in subsections (c) and (d) of this section, the  
13 President shall designate an officer or head of an agency of  
14 the United States Government carrying out functions under  
15 part I to whom shall be transferred, and who shall accept  
16 the assets of, assume the obligations and liabilities of, and  
17 exercise the rights established or acquired for the benefit of,  
18 or with respect to, the Export-Import Bank of Washington  
19 related to the loans made by the Bank pursuant to section  
20 104 (e) of the Agricultural Trade Development and Assist-  
21 ance Act of 1954, as amended (7 U.S.C. 1704 (e) ). In  
22 addition, on such date the President shall designate such  
23 officer or head of agency to be sued in the event of default  
24 in the fulfillment of such obligations of the Bank, and shall



1 transfer to such office or head of agency such records of the  
2 Bank as may be necessary.

3 SEC. 622. STATUTORY OFFICERS.—(a) The President  
4 may appoint, by and with the advice and consent of the  
5 Senate, twelve officers in the agency primarily responsible for  
6 administering part I, of whom—

7 (1) one shall have the rank of an Under Secretary  
8 and shall be compensated at a rate not to exceed the rate  
9 authorized by law for any Under Secretary of an execu-  
10 tive department;

11 (2) two shall have the rank of Deputy Under Sec-  
12 retaries and shall be compensated at a rate not to exceed  
13 the rate authorized by law for any Deputy Under Sec-  
14 retary of an executive department; and

15 (3) nine shall have the rank of Assistant Secre-  
16 taries and shall be compensated at a rate not to exceed  
17 the rate authorized by law for any Assistant Secretary  
18 of an executive department.

19 (b) Within the limitations established by subsection (a)  
20 of this section, the President may fix the rate of compensa-  
21 tion, and may designate the title of, any officer appointed pur-  
22 suant to the authority contained in that subsection. The  
23 President may also fix the order of succession among the offi-  
24 cers provided for in paragraphs (2) and (3) of subsection

1 (a) of this section in the event of the absence, death, resig-  
2 nation, or disability of the officers provided for in paragraphs  
3 (1) and (2) of that subsection.

4 (c) Any person who was appointed, by and with the  
5 advice and consent of the Senate, to any statutory position  
6 authorized by any provision of law repealed by section  
7 642 (a) and who is serving in one of such positions at the  
8 time of transfer of functions pursuant to subsections (c) and  
9 (d) of section 621 may be appointed by the President to a  
10 position authorized by subsection (a) of this section on the  
11 date of the establishment of the agency primarily responsible  
12 for administering part I, without further action by the  
13 Senate.

14 (d) Notwithstanding the provisions of section 642  
15 (a) (1) and 642 (a) (2), any person who, on the date  
16 prior to the effective date of this Act, held an office or a  
17 position authorized pursuant to sections 205 (b), 527 (b),  
18 and 533A of the Mutual Security Act of 1954, as amended,  
19 and Reorganization Plan Numbered 7 of 1953, may con-  
20 tinue to hold such office or position, subject to the discretion  
21 of the head of the agency primarily responsible for admin-  
22 istering part I, for a period of not more than sixty days  
23 following the effective date of this Act.

24 (e) (1) In addition to the officers provided for in sub-



1 section (a) of this section, there shall be in the Department  
2 of State an officer with the title of "Inspector General, For-  
3 eign Assistance," who shall be appointed by the President,  
4 by and with the advice and consent of the Senate. In addi-  
5 tion, there shall be one Deputy Inspector General, Foreign  
6 Assistance, and two Assistant Inspector Generals, Foreign  
7 Assistance, who shall be appointed by the President, and  
8 such other personnel as may be required to carry out the  
9 functions vested in the Inspector General, Foreign Assist-  
10 ance, by this subsection. Notwithstanding any other pro-  
11 visions of law, such of the personnel employed under the  
12 authority of section 533A of the Mutual Security Act of 1954,  
13 as amended, as the Inspector General, Foreign Assistance,  
14 may designate, and such of the property, records, and funds  
15 of the office established by such section 533A as the Inspec-  
16 tor General, Foreign Assistance, may deem necessary, may  
17 be transferred to the office of the Inspector General, For-  
18 eign Assistance. The Inspector General, Foreign Assistance,  
19 shall receive compensation at the rate of \$20,000 annually;  
20 the Deputy Inspector General, Foreign Assistance, shall re-  
21 ceive compensation at the rate of \$19,500 annually, and each  
22 Assistant Inspector General, Foreign Assistance, shall receive  
23 compensation at the rate of \$19,000 annually.

24 (2) The Inspector General, Foreign Assistance, shall

1 report directly to the Secretary of State and shall have the  
2 following duties and responsibilities:

3 (A) He shall arrange for, direct or conduct such  
4 reviews, inspections and audits of programs being con-  
5 ducted under part I of this Act and of the Peace Corps  
6 as he considers necessary for the purpose of ascertaining  
7 the efficiency and the economy of their administration,  
8 their consonance with the foreign policy of the United  
9 States, and the attainment of their objectives.

10 (B) For the purpose of ascertaining the extent to  
11 which programs of assistance being carried out under  
12 part II of this Act and the Agricultural Trade Develop-  
13 ment and Assistance Act of 1954, as amended, are in  
14 consonance with the foreign policy of the United States,  
15 are aiding in the attainment of the objectives of this Act,  
16 and are being carried out consistently with the responsi-  
17 bilities with respect thereto of the respective United  
18 States chiefs of missions and of the Secretary of State,  
19 as well as the efficiency and the economy with which  
20 such responsibilities are discharged, he shall arrange  
21 for, direct or conduct such reviews, inspections and  
22 audits of programs of assistance under part II of this  
23 Act and the Agricultural Trade Development and As-  
24 sistance Act of 1954, as amended, as he considers  
25 necessary.



1       (3) The Inspector General shall maintain continuous  
2 observation and review of programs with respect to which  
3 he has responsibilities under paragraph (2) of this subsection  
4 for the purpose of—

5           (A) determining the extent to which such pro-  
6 grams are in compliance with applicable laws and regu-  
7 lations;

8           (B) making recommendations for the correction of  
9 deficiencies in, or for improving the organization, plans  
10 or procedures of, such programs; and

11           (C) evaluating the effectiveness of such programs  
12 in attaining United States foreign policy objectives and  
13 reporting to the Secretary of State with respect thereto.

14       (4) In order to eliminate duplication and to assure full  
15 utilization of existing data, the Inspector General, Foreign  
16 Assistance, shall, in carrying out his duties under this Act,  
17 give due regard to the audit, investigative and inspection ac-  
18 tivities of the various agencies, including those of the General  
19 Accounting Office and of the military Inspectors General.

20       (5) For the purpose of aiding in carrying out his  
21 duties under this Act, the Inspector General, Foreign As-  
22 sistance, shall have access to all records, reports, audits,  
23 reviews, documents, papers, recommendations, or other ma-  
24 terial of the agencies of the United States Government ad-  
25 ministering part I or part II of this Act, the Peace Corps

1 or the Agricultural Trade Development and Assistance Act  
2 of 1954, as amended. All agencies of the United States  
3 Government shall cooperate with the Inspector General,  
4 Foreign Assistance, and shall furnish assistance upon request  
5 to the Inspector General, Foreign Assistance, in aid of his  
6 responsibilities.

7 (6) The Inspector General shall have authority to  
8 suspend all or any part of any project or operation with  
9 respect to which he has conducted or is conducting an in-  
10 spection, audit or review provided he first has given written  
11 notice to the Secretary of State. Any such suspension shall  
12 remain effective until such program or part thereof is ordered  
13 resumed by the Inspector General, Foreign Assistance, or  
14 by the Secretary of State. This paragraph shall not apply  
15 to part II of this Act, and with respect to the Agricultural  
16 Trade Development and Assistance Act of 1954, as  
17 amended, shall apply only to projects and operations admin-  
18 istered by the Secretary of State.

19 (7) Expenses of the Inspector General, Foreign Assist-  
20 ance, with respect to programs under part I or part II of this  
21 Act and the Peace Corps shall be charged to the appropria-  
22 tions made to carry out such programs, and with respect  
23 to programs under the Agricultural Trade Development and  
24 Assistance Act of 1954, as amended, shall be charged to  
25 funds available under the authority of this Act. Such ex-



1   penses shall not exceed \$2,000,000 in any fiscal year. The  
2   Inspector General, Foreign Assistance, may make expendi-  
3   tures (not in excess of \$2,000 in any fiscal year) of a con-  
4   fidential nature when he finds that such expenditures are in  
5   aid of inspections, audits or reviews under this subsection.  
6   A certificate of the amount of each such expenditure, the  
7   nature of which it is considered inadvisable to specify, shall  
8   be made by the Inspector General, Foreign Assistance, and  
9   every such certificate shall be deemed a sufficient voucher for  
10  the amount therein specified.

11       SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any  
12  agency or officer of the United States Government carrying  
13  out functions under this Act is authorized to employ such  
14  personnel as the President deems necessary to carry out  
15  the provisions and purposes of this Act.

16       (b) Of the personnel employed in the United States  
17  to carry out part I or coordinate part I and part II, not to  
18  exceed eighty-five may be appointed, compensated, or re-  
19  moved without regard to the provisions of any law, of whom  
20  not to exceed fifty-five may be compensated at rates higher  
21  than those provided for grade 15 of the general schedule  
22  established by the Classification Act of 1949, as amended  
23  (5 U.S.C. 1071 et seq.), and of these, not to exceed ten may  
24  be compensated at a rate in excess of the highest rate pro-  
25  vided for grades of such general schedule but not in excess

1 of \$19,000 per year: *Provided*, That under such regulations  
2 as the President shall prescribe officers and employees of  
3 the United States Government who are appointed to any  
4 of the above positions may be entitled, upon removal from  
5 such position, to reinstatement to the position occupied at  
6 the time of appointment or to a position of comparable  
7 grade and salary. Such positions shall be in addition to those  
8 authorized by law to be filled by Presidential appointment,  
9 and in addition to the number authorized by section 505 of  
10 the Classification Act of 1949, as amended.

11 (c) Of the personnel employed in the United States to  
12 carry out part II, not to exceed eight may be compensated  
13 at rates higher than those provided for grade 15 of the gen-  
14 eral schedule established by the Classification Act of 1949,  
15 as amended, and of these, not to exceed three may be com-  
16 pensated at a rate in excess of the highest rate provided for  
17 grades of such general schedule but not in excess of \$19,000  
18 per year. Such positions shall be in addition to those author-  
19 ized by law to be filled by Presidential appointment, and in  
20 addition to the number authorized by section 505 of the  
21 Classification Act of 1949, as amended.

22 (d) For the purpose of performing functions under this  
23 Act outside the United States the President may—

24 (1) employ or assign persons, or authorize the em-  
25 ployment or assignment of officers or employees by



1 agencies of the United States Government, who shall  
2 receive compensation at any of the rates provided for  
3 the Foreign Service Reserve and Staff by the Foreign  
4 Service Act of 1946, as amended (22 U.S.C. 801 et  
5 seq.), together with allowances and benefits thereunder;  
6 and persons so employed or assigned shall be entitled,  
7 except to the extent that the President may specify  
8 otherwise in cases in which the period of employment or  
9 assignment exceeds thirty months, to the same benefits  
10 as are provided by section 528 of that Act for persons  
11 appointed to the Foreign Service Reserve, and the pro-  
12 visions of section 1005 of that Act shall apply in the  
13 case of such persons, except that policymaking officials  
14 shall not be subject to that part of section 1005 of that  
15 Act which prohibits political tests; and

16 (2) utilize such authority, including authority to ap-  
17 point and assign personnel for the duration of operations  
18 under this Act, contained in the Foreign Service Act of  
19 1946, as amended, as the President deems necessary to  
20 carry out functions under this Act; and such provisions  
21 of the Foreign Service Act of 1946, as amended, as  
22 the President deems appropriate shall apply to personnel  
23 appointed or assigned under this paragraph, including  
24 in all cases, the provisions of section 528 of that Act:  
25 *Provided, however,* That the President may by regula-

1       tion make exceptions to the application of section 528  
2       in cases in which the period of the appointment or as-  
3       signment exceeds thirty months: *Provided further*, That  
4       Foreign Service Reserve officers appointed or assigned  
5       pursuant to this paragraph shall receive within-class  
6       salary increases in accordance with such regulations as  
7       the President may prescribe.

8       (e) The President is authorized to prescribe by regu-  
9       lation standards or other criteria for maintaining adequate  
10      performance levels for personnel appointed or assigned pur-  
11      suant to paragraph (2) of subsection (d) of this section and  
12      section 527 (c) (2) of the Mutual Security Act of 1954, as  
13      amended, and may, notwithstanding any other law, separate  
14      employees who fail to meet such standards or other criteria,  
15      and also may grant such personnel severance benefits of one  
16      month's salary for each year's service, but not to exceed  
17      one year's salary at the then current salary rate of such  
18      personnel: *Provided*, That in carrying out this subsection,  
19      no political test shall be required or taken into consideration,  
20      nor shall there be any discrimination against any person on  
21      account of race, creed, or color.

22      (f) Funds provided for in agreements with foreign coun-  
23      tries for the furnishing of services under this Act shall be  
24      deemed to be obligated for the services of personnel em-



1   ployed by the United States Government as well as other  
2   personnel.

3       SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OF-  
4   FICERS.—(a) Experts and consultants or organizations  
5   thereof may, as authorized by section 15 of the Act of  
6   August 2, 1946, as amended (5 U.S.C. 55a), be employed  
7   for the performance of functions under this Act, and in-  
8   dividuals so employed may be compensated at rates not in  
9   excess of \$75 per diem, and while away from their homes or  
10   regular places of business, they may be paid actual travel ex-  
11   penses and per diem in lieu of subsistence at the applicable  
12   rate prescribed in the standardized Government travel regu-  
13   lations, as amended from time to time. Contracts for such  
14   employment with such organizations, employment of per-  
15   sonnel as experts and consultants, not to exceed ten in num-  
16   ber, contracts for such employment of retired military per-  
17   sonnel with specialized research and development experience,  
18   not to exceed ten in number, and contracts for such employ-  
19   ment of retired military personnel with specialized experi-  
20   ence of a broad politico-military nature, not to exceed five  
21   in number, may be renewed annually.

22       (b) Service of an individual as an expert or consultant  
23   under subsection (a) of this section shall not be considered

1 as service or employment bringing such individual within  
2 the provisions of section 281, 283, or 284 of title 18 of the  
3 United States Code, or of section 190 of the Revised Statutes  
4 (5 U.S.C. 99), or of any other Federal law imposing re-  
5 strictions, requirements, or penalties in relation to the em-  
6 ployment of persons, the performance of services, or the  
7 payment or receipt of compensation in connection with any  
8 claim, proceeding, or matter involving the United States  
9 Government, except insofar as such provisions of law may  
10 prohibit any such individual from receiving compensation in  
11 respect of any particular matter in which such individual was  
12 directly involved in the performance of such service. Nor  
13 shall such service be considered as employment or holding  
14 of office or position bringing such individual within the pro-  
15 visions of section 13 of the Civil Service Retirement Act, as  
16 amended (5 U.S.C. 2263), section 212 of Public Law  
17 72-212, as amended (5 U.S.C. 59a), section 872 of the  
18 Foreign Service Act of 1946, as amended, or any other law  
19 limiting the reemployment of retired officers or employees or  
20 governing the simultaneous receipt of compensation and  
21 retired pay or annuities.

22 (c) Notwithstanding section 2 of the Act of July 31,  
23 1894, as amended (5 U.S.C. 62), any retired officer of any  
24 of the services mentioned in the Career Compensation Act  
25 of 1949, as amended (37 U.S.C. 231 et seq.), may hold any



1 office or appointment under this Act, but the compensation of  
2 any such retired officer shall be subject to the provisions of  
3 section 212 of Public Law 72-212, as amended.

4 (d) Persons of outstanding experience and ability may  
5 be employed without compensation by any agency of the  
6 United States Government for the performance of functions  
7 under this Act in accordance with the provisions of section  
8 710 (b) of the Defense Production Act of 1950, as amended  
9 (50 U.S.C. app. 2160 (b) ), and regulations issued there-  
10 under.

11 SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOV-  
12 ERNMENTS.—Whenever the President determines it to be in  
13 furtherance of the purposes of this Act, the head of any  
14 agency of the United States Government is authorized to  
15 detail or assign any officer or employee of his agency to any  
16 office or position with any foreign government or foreign  
17 government agency, where acceptance of such office or posi-  
18 tion does not involve the taking of an oath of allegiance to  
19 another government or the acceptance of compensation or  
20 other benefits from any foreign country by such officer or  
21 employee.

22 SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL  
23 ORGANIZATIONS.—Whenever the President determines it to  
24 be consistent with and in furtherance of the purposes of this  
25 Act, the head of any agency of the United States Government

1 is authorized to detail, assign, or otherwise make available to  
2 any international organization any officer or employee of his  
3 agency to serve with, or as a member of, the international  
4 staff of such organization, or to render any technical, scien-  
5 tific, or professional advice or service to, or in cooperation  
6 with, such organization.

7       SEC. 627. STATUS OF PERSONNEL DETAILED.—(a)  
8 Any officer or employee, while assigned or detailed under  
9 section 625 or 626 of this Act, shall be considered, for the  
10 purpose of preserving his allowances, privileges, rights,  
11 seniority, and other benefits as such, an officer or employee  
12 of the United States Government and of the agency of the  
13 United States Government from which detailed or assigned,  
14 and he shall continue to receive compensation, allowances,  
15 and benefits from funds appropriated to that agency or made  
16 available to that agency under this Act.

17       (b) Any officer or employee assigned, detailed, or ap-  
18 pointed under sections 625, 626, 629, or 622 (e) of this Act  
19 is authorized to receive under such regulations as the Presi-  
20 dent may prescribe, representation allowances similar to  
21 those allowed under section 901 of the Foreign Service Act  
22 of 1946, as amended (22 U.S.C. 1131). The authorization  
23 of such allowances and other benefits and the payment  
24 thereof out of any appropriations available therefor shall be



1 considered as meeting all the requirements of section 1765  
2 of the Revised Statutes (5 U.S.C. 70).

3 SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—De-  
4 tails or assignments may be made under section 625 or 626  
5 of this Act or section 408 of the Mutual Security Act of  
6 1954, as amended—

7 (1) without reimbursement to the United States  
8 Government by the foreign government or international  
9 organization;

10 (2) upon agreement by the foreign government or  
11 international organization to reimburse the United States  
12 Government for compensation, travel expenses, and  
13 allowances, or any part thereof, payable to the officer  
14 or employee concerned during the period of assignment  
15 or detail; and such reimbursements (including foreign  
16 currencies) shall be credited to the appropriation, fund,  
17 or account utilized for paying such compensation, travel  
18 expenses, or allowances, or to the appropriation, fund,  
19 or account currently available for such purposes;

20 (3) upon an advance of funds, property, or services  
21 by the foreign government or international organization  
22 to the United States Government accepted with the  
23 approval of the President for specified uses in furtherance  
24 of the purposes of this Act; and funds so advanced may

1 be established as a separate fund in the Treasury of the  
2 United States Government, to be available for the speci-  
3 fied uses, and to be used for reimbursement of appropria-  
4 tions or direct expenditure subject to the provisions of  
5 this Act, any unexpended balance of such account to be  
6 returned to the foreign government or international  
7 organization; or

8 (4) subject to the receipt by the United States  
9 Government of a credit to be applied against the pay-  
10 ment by the United States Government of its share of  
11 the expenses of the international organization to which  
12 the officer or employee is detailed or assigned, such credit  
13 to be based upon the compensation, travel expenses, and  
14 allowances, or any part thereof, payable to such officer  
15 or employee during the period of detail or assignment  
16 in accordance with section 627.

17 SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The  
18 President may maintain special missions or staffs outside  
19 the United States in such countries and for such periods  
20 of time as may be necessary to carry out the purposes of this  
21 Act. Each such special mission or staff shall be under the  
22 direction of a chief.

23 (b) The chief and his deputy of each special mission  
24 or staff carrying out the purposes of part I shall be appointed  
25 by the President, and may, notwithstanding any other law,



1 be removed by the President at his discretion. Such chief  
2 shall be entitled to receive (1) in cases approved by the  
3 President, the same compensation and allowances as a chief  
4 of mission, class 3, or a chief of mission, class 4, within the  
5 meaning of the Foreign Service Act of 1946, as amended, or  
6 (2) compensation and allowances in accordance with sec-  
7 tion 623 (d), as the President shall determine to be appro-  
8 priate.

9       SEC. 630. ALLOCATION AND REIMBURSEMENT AMONG  
10 AGENCIES.—(a) The President may allocate or transfer to  
11 any agency of the United States Government any part of any  
12 funds available for carrying out the purposes of this Act, in-  
13 cluding any advance to the United States Government by  
14 any country or international organization for the procure-  
15 ment of commodities, defense articles, or services (including  
16 defense services). Such funds shall be available for obliga-  
17 tion and expenditure for the purposes for which authorized,  
18 in accordance with authority granted in this Act or under  
19 authority governing the activities of the agencies of the  
20 United States Government to which such funds are allocated  
21 or transferred.

22       (b) Any officer of the United States Government carry-  
23 ing out functions under this Act may utilize the services (in-  
24 cluding defense services) and facilities of, or procure com-  
25 modities and defense articles from, any agency of the United

1 States Government as the President shall direct, or with the  
2 consent of the head of such agency, and funds allocated pur-  
3 suant to this subsection to any such agency may be estab-  
4 lished in separate appropriation accounts on the books of  
5 the Treasury.

6 (c) In the case of any commodity, service, or facility  
7 procured from any agency of the United States Government  
8 to carry out part I, reimbursement or payment shall be made  
9 to such agency from funds available to carry out such part.  
10 Such reimbursement or payment shall be at replacement cost,  
11 or, if required by law, at actual cost, or at any other price  
12 authorized by law and agreed to by the owning or disposing  
13 agency. The amount of any such reimbursement or pay-  
14 ment shall be credited to current applicable appropriations,  
15 funds, or accounts, from which there may be procured re-  
16 placements of similar commodities, services, or facilities,  
17 except that where such appropriations, funds, or accounts are  
18 not reimbursable except by reason of this subsection, and  
19 when the owning or disposing agency determines that such  
20 replacement is not necessary, any funds received in payment  
21 therefor shall be deposited into the Treasury as miscellaneous  
22 receipts.

23 (d) Except as otherwise provided in sections 507 and  
24 510, reimbursement shall be made to any United States  
25 Government agency, from funds available for use under



1 part II, for any assistance furnished under part II from,  
2 by, or through such agency. Such reimbursement shall be  
3 in an amount equal to the value (as defined in section  
4 644 (m) ) of the defense articles or of the defense services  
5 (other than salaries of members of the Armed Forces of  
6 the United States), or other assistance furnished, plus ex-  
7 penses arising from or incident to operations under part II.  
8 The amount of such reimbursement shall be credited to the  
9 current applicable appropriations, funds, or accounts of such  
10 agency.

11 (e) In furnishing assistance under this Act, accounts  
12 may be established on the books of any agency of the United  
13 States Government or, on terms and conditions approved by  
14 the Secretary of the Treasury, in banking institutions in the  
15 United States, (i) against which letters of commitment may  
16 be issued which shall constitute recordable obligations of the  
17 United States Government, and moneys due or to become  
18 due under such letters of commitment shall be assignable  
19 under the Assignment of Claims Act of 1940, as amended  
20 (second and third paragraphs of 31 U.S.C. 203 and 41  
21 U.S.C. 15), and (ii) from which disbursements may be  
22 made to, or withdrawals may be made by, recipient coun-  
23 tries or agencies, organizations, or persons upon presentation  
24 of contracts, invoices, or other appropriate documentation.  
25 Expenditure of funds which have been made available

1 through accounts so established shall be accounted for on  
2 standard documentation required for expenditure of funds of  
3 the United States Government: *Provided*, That such ex-  
4 penditures for commodities, defense articles, services (includ-  
5 ing defense services), or facilities procured outside the  
6 United States may be accounted for exclusively on such  
7 certification as may be prescribed in regulations approved  
8 by the Comptroller General of the United States.

9 (f) Credits made by the Export-Import Bank of Wash-  
10 ington with funds allocated thereto under subsection (a) of  
11 this section or under section 522 (a) of the Mutual Security  
12 Act of 1954, as amended, shall not be considered in deter-  
13 mining whether the Bank has outstanding at any one time  
14 loans and guaranties to the extent of the limitation imposed  
15 by section 7 of the Export-Import Bank Act of 1945, as  
16 amended (12 U.S.C. 635e).

17 (g) Any appropriation or account available to carry  
18 out provisions of part I may initially be charged in any fiscal  
19 year, within the limit of available funds, to finance expenses  
20 for which funds are available in other appropriations or ac-  
21 counts under part I: *Provided*, That as of the end of such  
22 fiscal year such expenses shall be finally charged to ap-  
23 plicable appropriations or accounts with proper credit to the  
24 appropriations or accounts initially utilized for financing pur-  
25 poses: *Provided further*, That such final charge to applicable



1 appropriations or accounts shall not be required in the case  
2 of expenses (other than those provided for under section  
3 635) incurred in furnishing assistance by the agency prima-  
4 rily responsible for administering part I where it is deter-  
5 mined that the accounting costs of identifying the applicable  
6 appropriation or account to which such expenses should be  
7 charged would be disproportionate to the advantages to be  
8 gained.

9       SEC. 631. WAIVERS OF CERTAIN LAWS.—(a) When-  
10 ever the President determines it to be in furtherance of the  
11 purposes of this Act, the functions authorized under this  
12 Act may be performed without regard to such provisions of  
13 law (other than the Renegotiation Act of 1951 as amended  
14 (50 U.S.C. App. 1211 et seq.)), regulating the making,  
15 performance, amendment, or modification of contracts and  
16 the expenditure of funds of the United States Government  
17 as the President may specify.

18       (b) The functions authorized under part II may be  
19 performed without regard to such provisions as the President  
20 may specify of the joint resolution of November 4, 1939  
21 (54 Stat. 4), as amended.

22       (c) Notwithstanding the provisions of sections 3544 (b)  
23 and 8544 (b) of title 10 of the United States Code, per-  
24 sonnel of the Department of Defense may be assigned or de-  
25 tailed to any civil office to carry out this Act.

1        SEC. 632. REPORTS AND INFORMATION.—(a) The  
2 President shall, while funds made available for the purposes  
3 of this Act remain available for obligation, transmit to the  
4 Congress after the close of each fiscal year a report concern-  
5 ing operations in that fiscal year under this Act.

6        (b) The President shall, in the reports required by sub-  
7 section (a) of this section, and in response to requests from  
8 Members of the Congress or inquiries from the public, make  
9 public all information concerning operations under this Act  
10 not deemed by him to be incompatible with the security of  
11 the United States.

12        (c) None of the funds made available pursuant to the  
13 provisions of this Act shall be used to carry out any provision  
14 of this Act in any country or with respect to any project or  
15 activity, after the expiration of the thirty-five day period  
16 which begins on the date the General Accounting Office or  
17 any committee of the Congress, or any duly authorized sub-  
18 committee thereof, charged with considering legislation, ap-  
19 propriations, or expenditures under this Act, has delivered  
20 to the office of the head of any agency carrying out such  
21 provision, a written request that it be furnished any docu-  
22 ment, paper, communication, audit, review, finding, recom-  
23 mendation, report, or other material in its custody or control  
24 relating to the administration of such provision in such coun-  
25 try or with respect to such project or activity, unless and



1 until there has been furnished to the General Accounting  
2 Office, or to such committee or subcommittee, as the case  
3 may be, (1) the document, paper, communication, audit,  
4 review, finding, recommendation, report, or other material  
5 so requested, or (2) a certification by the President that  
6 he has forbidden the furnishing thereof pursuant to such re-  
7 quest and his reason for so doing.

8 (d) In January and July of each year, the Presi-  
9 dent shall notify the appropriate committees of the  
10 Congress of all actions taken during the preceding six  
11 months under this Act which resulted in furnishing as-  
12 sistance of a kind, for a purpose, or to an area, substan-  
13 tially different from that included in the presentation to the  
14 Congress during its consideration of this Act or any Act ap-  
15 propriating funds pursuant to authorizations contained in this  
16 Act, or which resulted in obligations or reservations greater  
17 by 50 per centum or more than the proposed obligations or  
18 reservations included in such presentation for the program  
19 concerned, and in his notification the President shall state  
20 the justification for such changes. In addition, the President  
21 shall promptly notify the appropriate committees of the  
22 Congress of any determination under sections 303, 609,  
23 612 (a), or 612 (b).

24 (e) All documents, papers, communications, audits, re-  
25 views, findings, recommendations, reports and other ma-

1 terial which relate to the operations or activities of any  
2 agency of the United States Government administering part  
3 I or part II shall be furnished to the General Accounting  
4 Office and to any committee of the Congress, or any duly  
5 authorized subcommittee thereof, charged with considering  
6 legislation or appropriation for, or expenditures of, such  
7 agency, upon request of the General Accounting Office or  
8 such committee or subcommittee as the case may be.

9       SEC. 633. GENERAL AUTHORITIES.—(a) Except as  
10 otherwise specifically provided in this Act, assistance under  
11 this Act may be furnished on a grant basis or on such terms,  
12 including cash, credit, or other terms of repayment (includ-  
13 ing repayment in foreign currencies or by transfer to the  
14 United States Government of commodities) as may be de-  
15 termined to be best suited to the achievement of the purposes  
16 of this Act.

17       (b) Except as otherwise specifically provided in this  
18 Act, the President may make loans, advances, and grants to,  
19 make and perform agreements and contracts with, or enter  
20 into other transactions with, any individual, corporation, or  
21 other body of persons, friendly government or government  
22 agency, whether within or without the United States, and  
23 international organizations in furtherance of the purposes  
24 and within the limitations of this Act.

25       (c) It is the sense of Congress that the President, in



1 furthering the purposes of this Act, shall use to the maxi-  
2 mum extent practicable the services and facilities of volun-  
3 tary, nonprofit organizations registered with, and approved  
4 by, the Advisory Committee on Voluntary Foreign Aid.

5 (d) The President may accept and use in furtherance of  
6 the purposes of this Act money, funds, property, and services  
7 of any kind made available by gift, devise, bequest, grant,  
8 or otherwise for such purpose.

9 (e) Any agency of the United States Government is  
10 authorized to pay the cost of health and accident insurance  
11 for foreign participants in any program of furnishing tech-  
12 nical information and assistance administered by such  
13 agency while such participants are absent from their homes  
14 for the purpose of participation in such program.

15 (f) Alien participants in any program of furnishing  
16 technical information and assistance under this Act may be  
17 admitted to the United States if otherwise qualified as non-  
18 immigrants under section 101 (a) (15) of the Immigration  
19 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15) ),  
20 for such time and under such conditions as may be prescribed  
21 by regulations promulgated by the Secretary of State and the  
22 Attorney General.

23 (g) In making loans under this Act, the President—  
24 (1) may issue letters of credit and letters of com-  
25 mitment;

1           (2) may collect or compromise any obligations  
2 assigned to, or held by, and any legal or equitable rights  
3 accruing to, him, and, as he may determine, refer  
4 any such obligations or rights to the Attorney General  
5 for suit or collection;

6           (3) may acquire and dispose of, upon such terms  
7 and conditions as he may determine, any property,  
8 including any instrument evidencing indebtedness or  
9 ownership, and guarantee payment against any such  
10 instrument;

11           (4) may determine the character of, and necessity  
12 for, obligations and expenditures of funds used in mak-  
13 ing such loans and the manner in which they shall be  
14 incurred, allowed, and paid, subject to provisions of  
15 law specifically applicable to corporations of the United  
16 States Government; and

17           (5) shall cause to be maintained an integral set of  
18 accounts which shall be audited by the General Account-  
19 ing Office in accordance with principles and procedures  
20 applicable to commercial corporate transactions as pro-  
21 vided by the Government Corporation Control Act, as  
22 amended (31 U.S.C. 841 et seq.).

23           (h) A contract or agreement which entails commit-  
24 ments for the expenditure of funds made available under  
25 titles II and V of chapter 2 of part I and under part II may,



1 subject to any future action of the Congress, extend at any  
2 time for not more than five years.

3 (i) Claims arising as a result of operations under this  
4 Act may be settled, and disputes arising as a result thereof  
5 may be arbitrated, on such terms and conditions as the Pres-  
6 ident may direct. Payment made pursuant to any such set-  
7 tlement, or as a result of an arbitration award, shall be final  
8 and conclusive notwithstanding any other provision of law.

9 (j) The provisions of section 955 of title 18 of the  
10 United States Code shall not apply to prevent any person,  
11 including any individual, partnership, corporation, or associa-  
12 tion, from acting for, or participating in, any operation or  
13 transaction arising under this Act, or from acquiring any  
14 obligation issued in connection with any operation or trans-  
15 action arising under this Act.

16 SEC. 634. PROVISIONS ON USES OF FUNDS.—(a)  
17 Appropriations for the purposes of or pursuant to this  
18 Act (except for part II), allocations to any agency of  
19 the United States Government, from other appropriations,  
20 for functions directly related to the purposes of this Act, and  
21 funds made available for other purposes to the agency pri-  
22 marily responsible for administering part I, shall be available  
23 for—

24 (1) rent of buildings and space in buildings in the

1 United States, and for repair, alteration, and improve-  
2 ment of such leased properties;

3 (2) entertainment (not to exceed \$25,000 in any  
4 fiscal year except as may otherwise be provided in an  
5 appropriation or other Act) ;

6 (3) insurance of official motor vehicles or aircraft  
7 acquired for use in foreign countries;

8 (4) rent or lease outside the United States of  
9 offices, buildings, grounds, and quarters, including living  
10 quarters to house personnel, and payments therefor in  
11 advance for longer than one year; maintenance,  
12 furnishings, necessary repairs, improvements, and alter-  
13 ations to properties owned or rented by the United  
14 States Government or made available for use to the  
15 United States Government outside the United States;  
16 and costs of fuel, water, and utilities for such properties;

17 (5) expenses in connection with travel of per-  
18 sonnel outside the United States, including travel ex-  
19 penses of dependents (including expenses during neces-  
20 sary stopovers while engaged in such travel) , and trans-  
21 portation of personal effects, household goods, and  
22 automobiles of such personnel when any part of such  
23 travel or transportation begins in one fiscal year pur-  
24 suant to travel orders issued in that fiscal year, notwith-  
25 standing the fact that such travel or transportation may



1 not be completed during the same fiscal year, and cost  
2 of transporting automobiles to and from a place of  
3 storage, and the cost of storing automobiles of such  
4 personnel when it is in the public interest or more  
5 economical to authorize storage.

6 (b) Not to exceed \$1,500,000 of the funds available for  
7 assistance under this Act (other than title I of chapter 2 of  
8 part I) may be used in any fiscal year to provide assistance,  
9 on such terms and conditions as are deemed appropriate, to  
10 schools established, or to be established, outside the United  
11 States whenever it is determined that such action would be  
12 more economical or would best serve the interests of the  
13 United States in providing for the education of dependents  
14 of personnel carrying out activities authorized by this Act  
15 and dependents of United States Government personnel.

16 (c) Funds made available under section 212 may be  
17 used for expenses (other than those provided for under sec-  
18 tion 635) to assist in carrying out functions under title I of  
19 chapter 2 of part I, under the Agricultural Trade Develop-  
20 ment and Assistance Act of 1954, as amended (7 U.S.C.  
21 1691 et seq.), and under the Act to Provide for Assistance  
22 in the Development of Latin America and in the Recon-  
23 struction of Chile, and for other purposes (22 U.S.C. 1942  
24 et seq.) performed by the agency primarily responsible for  
25 administering part I.

1 (d) Funds made available for the purposes of part II  
2 shall be available for—

3 (1) administrative, extraordinary, and operating  
4 expenses; and

5 (2) reimbursement of actual expenses of military  
6 officers detailed or assigned as tour directors in connec-  
7 tion with orientation visits of foreign military personnel,  
8 in accordance with the provisions of section 3 of the  
9 Travel Expense Act of 1949, as amended (5 U.S.C.  
10 836), applicable to civilian officers and employees.

11 (e) Passenger motor vehicles, other than one such  
12 vehicle for the official use (without regard to the limitations  
13 contained in section 5 of Public Law 63-127, as amended  
14 (5 U.S.C. 78 (c) (2)) and section 201 of Public Law 85-  
15 468 (5 U.S.C. 78a-1) of the head of the agency primarily  
16 responsible for administering part I, may be purchased for  
17 use in the United States only as may be specifically provided  
18 in an appropriation or other Act.

19 SEC. 635. ADMINISTRATIVE EXPENSES.—There is here-  
20 by authorized to be appropriated to the President for the  
21 fiscal year 1962 not to exceed \$49,000,000 for necessary  
22 administrative expenses of the agency primarily responsible  
23 for administering part I.



## CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 402, 405 (a), 405 (c), 405 (d), 408, 411 (d), 414, 417, 502 (a), 502 (b), 523 (d), 536, 537 (a) (2), (3), (4), (5), (7), (8), (11), (12), (13), (14), (15), (16), and 537 (e) ) ;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501 (a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

1           (8) section 604 and chapter VIII of the Mutual  
2       Security Act of 1960.

3           (b) References in law to the Acts, or provisions of such  
4       Acts, repealed by subsection (a) of this section shall here-  
5       after be deemed to be references to this Act or appropriate  
6       provisions of this Act.

7           (c) The repeal of the Acts listed in subsection (a) of  
8       this section shall not be deemed to affect amendments con-  
9       tained in such Acts to Acts not named in that subsection.

10       SEC. 643. SAVING PROVISIONS.—(a) Except as may  
11       be expressly provided to the contrary in this Act, all de-  
12       terminations, authorizations, regulations, orders, contracts,  
13       agreements, and other actions issued, undertaken, or entered  
14       into under authority of any provision of law repealed by sec-  
15       tion 642 (a) shall continue in full force and effect until modi-  
16       fied by appropriate authority.

17           (b) Wherever provisions of this Act establish conditions  
18       which must be complied with before use may be made of au-  
19       thority contained in, or funds authorized by, this Act, com-  
20       pliance with, or satisfaction of, substantially similar condi-  
21       tions under Acts listed in section 642 (a) or Acts repealed  
22       by those Acts shall be deemed to constitute compliance with  
23       the conditions established by this Act.

24           (c) Funds made available pursuant to provisions of  
25       law repealed by section 642 (a) (2) shall, unless otherwise



1 authorized or provided by law, remain available for their  
2 original purposes in accordance with the provisions of law  
3 originally applicable thereto, or in accordance with the pro-  
4 visions of law currently applicable to those purposes.

5 (d) No provision of this Act shall affect, or be deemed  
6 to affect, except as the President may determine, the agency  
7 within the Department of State known as the Peace Corps,  
8 nor any of the functions, offices, personnel, property, records,  
9 and funds available thereto on the date prior to the effective  
10 date of this Act, pending the enactment of legislation for the  
11 Peace Corps or the adjournment of the first session of the  
12 Eighty-seventh Congress, whichever is earlier.

13 SEC. 644. DEFINITIONS.—As used in this Act—

14 (a) “Agency of the United States Government” in-  
15 cludes any agency, department, board, wholly or partly  
16 owned corporation, instrumentality, commission, or estab-  
17 lishment of the United States Government.

18 (b) “Armed Forces” of the United States means the  
19 Army, Navy, Air Force, Marine Corps, and Coast Guard.

20 (c) “Commodity” includes any material, article, sup-  
21 ply, goods, or equipment used for the purposes of furnish-  
22 ing nonmilitary assistance.

23 (d) “Defense article” includes—

24 (1) any weapon, weapons system, munition, air-  
25 craft, vessel, boat, or other implement of war;

1           (2) any property, installation, commodity, mate-  
2           rial, equipment, supply, or goods used for the purposes  
3           of furnishing military assistance;

4           (3) any machinery, facility, tool, material, supply,  
5           or other item necessary for the manufacture, production,  
6           processing, repair, servicing, storage, construction, trans-  
7           portation, operation, or use of any article listed in this  
8           subsection; or

9           (4) any component or part of any article listed in  
10          this subsection; but

11 shall not include merchant vessels or, as defined by the  
12 Atomic Energy Act of 1954, as amended (42 U.S.C.  
13 2011), source material, byproduct material, special nuclear  
14 material, or atomic weapons.

15          (e) "Defense information" includes any document, writ-  
16          ing, sketch, photograph, plan, model, specification, design,  
17          prototype, or other recorded or oral information relating to  
18          any defense article or defense service, but shall not include  
19          Restricted Data and formerly Restricted Data as defined  
20          by the Atomic Energy Act of 1954, as amended.

21          (f) "Defense service" includes any service, test, in-  
22          spection, repair, training, training aid, publication, or tech-  
23          nical or other assistance, including the transfer of limited  
24          quantities of defense articles for test, evaluation, or stand-



1 ardization purposes, or defense information used for the  
2 purposes of furnishing military assistance.

3 (g) "Excess defense articles" mean the quantity of  
4 defense articles owned by the United States Government  
5 which is in excess of the mobilization reserve at the time  
6 such articles are dropped from inventory by the supplying  
7 agency for delivery to nations or international organiza-  
8 tions as grant assistance under this Act.

9 (h) "Function" includes any duty, obligation, power,  
10 authority, responsibility, right, privilege, discretion, or  
11 activity.

12 (i) "Mobilization reserve" means the quantity of de-  
13 fense articles determined to be required, under regulations  
14 prescribed by the President, to support mobilization of the  
15 Armed Forces of the United States Government in the event  
16 of war or national emergency.

17 (j) "Officer or employee" means civilian personnel and  
18 members of the Armed Forces of the United States Govern-  
19 ment.

20 (k) "Services" include any service, repair, training of  
21 personnel, or technical or other assistance or information used  
22 for the purposes of furnishing nonmilitary assistance.

23 (l) "Surplus agricultural commodity" means any agri-  
24 culture commodity or product thereof, class, kind, type, or

1 other specification thereof, produced in the United States,  
2 either publicly or privately owned, which is in excess of  
3 domestic requirements, adequate carryover, and anticipated  
4 exports for United States dollars, as determined by the Sec-  
5 retary of Agriculture.

6 (m) "Value" means—

7 (1) with respect to excess defense articles, the gross  
8 cost incurred by the United States Government in re-  
9 pairing, rehabilitating, or modifying such articles;

10 (2) with respect to nonexcess defense articles deliv-  
11 ered from inventory to nations or international organiza-  
12 tions as grant assistance under this Act, the standard  
13 price in effect at the time such articles are dropped from  
14 inventory by the supplying agency. Such price shall  
15 be the same standard price used for transfers or sales of  
16 such articles in or between the Armed Forces of the  
17 United States Government, or, where such articles are  
18 not transferred or sold in or between the Armed Forces  
19 of the United States, the gross cost to the United States  
20 Government adjusted as appropriate for condition and  
21 market value; and

22 (3) with respect to nonexcess defense articles deliv-  
23 ered from new procurement to nations or international



1 organizations as grant assistance under this Act, the con-  
2 tract or production costs of such articles.

3 Military assistance programs and orders shall be based upon  
4 the best estimates of stock status and prevailing prices; reim-  
5 bursements to the supplying agency shall be made on the  
6 basis of the stock status and prices determined pursuant to  
7 this section. Notwithstanding the foregoing provisions of  
8 this section, the Secretary of Defense may prescribe regula-  
9 tions authorizing reimbursements to the supplying agency  
10 based on negotiated prices for aircraft, vessels, plant equip-  
11 ment, and such other major items as he may specify: *Pro-*  
12 *vided*, That such articles are not excess at the time such  
13 prices are negotiated: *And provided further*, That such  
14 prices are negotiated at the time firm orders are placed with  
15 the supplying agency by the military assistance program.

16 SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-  
17 ances of funds made available pursuant to the Mutual Se-  
18 curity Act of 1954, as amended, are hereby authorized to be  
19 continued available for the general purposes for which ap-  
20 propriated, and may at any time be consolidated, and, in ad-  
21 dition, may be consolidated with appropriations made avail-  
22 able for the same general purposes under the authority of this  
23 Act.

1        SEC. 646. CONSTRUCTION.—If any provision of this  
2    Act or the application of any provision to any circumstances  
3    or persons shall be held invalid, the validity of the remain-  
4    der of this Act and of the applicability of such provision to  
5    other circumstances or persons shall not be affected thereby.

6        SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of para-  
7 mount importance that long-range economic plans take cog-  
8 nizance of the need for a dependable supply of fuels, which  
9 is necessary to orderly and stable development and growth,  
10 and that dependence not be placed upon sources which are  
11 inherently hostile to free countries and the ultimate well-  
12 being of economically underdeveloped countries and which  
13 might exploit such dependence for ultimate political domi-  
14 nation. The agencies of government in the United States  
15 are directed to work with other countries in developing plans  
16 for basing development programs on the use of the large and  
17 stable supply of relatively low cost fuels available in the free  
18 world.

## 19 PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out “(other than title II of chapter II thereof)” and substitute “or any successor Act (other than a contract financed by loans repayable in United States dollars, unless the Secretary



1 of Labor, upon the recommendation of the head of any de-  
2 partment or other agency of the United States, determines  
3 such contract should be covered by this section) ”.

4 (2) In subsection (e) strike out “June 30, 1958, but  
5 not completed on July 24, 1959” and substitute therefor  
6 “but not completed on the date of enactment of any successor  
7 Act to the Mutual Security Act of 1954, as amended”.

8 SEC. 702. In paragraph (4) of section 101 (a) of the  
9 War Hazards Compensation Act, as amended (42 U.S.C.  
10 1701), strike out “(other than title II of chapter II  
11 thereof) ” and substitute therefor “or any successor Act  
12 (other than a contract financed by loans repayable in United  
13 States dollars unless the Secretary, upon the recommenda-  
14 tion of the head of any department or agency of the United  
15 States, determines such contract should be covered by this  
16 section) ”.

17 SEC. 703. (a) Section 305 of the Mutual Defense As-  
18 sistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is  
19 amended to read as follows:

20 “SEC. 305. There is hereby authorized to be appropri-  
21 ated to the Department of State such sums as may be neces-  
22 sary from time to time to carry out the objectives of this  
23 Act.”

24 (b) The amendment to section 305 of the Mutual De-  
25 fense Assistance Control Act of 1951 effected by subsection

1 (a) of this section shall not be deemed to affect the repeal  
2 of laws effected by that section prior to such amendment.

3 SEC. 704. Section 104 (e) of the Agricultural Trade  
4 Development and Assistance Act of 1954, as amended (7  
5 U.S.C. 1704 (e) ), is amended by substituting "such agency  
6 as the President shall direct" and "agency" for "the Export-  
7 Import Bank" and "bank", respectively.

8 SEC. 705. Section 5 of the joint resolution to promote  
9 peace and stability in the Middle East (22 U.S.C. 1964)  
10 is amended by substituting "whenever appropriate" for  
11 "within the months of January and July of each year".

12 SEC. 706. The Act to provide for assistance in the  
13 development of Latin America and in the reconstruction of  
14 Chile, and for other purposes (22 U.S.C. 1942 et seq.), is  
15 amended by adding a new section 4 reading as follows:

16 "GENERAL PROVISIONS

17 "SEC. 4. (a) Funds appropriated under sections 2 and 3  
18 of this Act may be used for assistance under this Act pur-  
19 suant to such provisions applicable to the furnishing of such  
20 assistance contained in any successor Act to the Mutual Se-  
21 curity Act of 1954, as amended, as the President deter-  
22 mines to be necessary to carry out the purposes for which  
23 such funds are appropriated.

24 "(b) Of the funds appropriated under section 2 of this



1 Act not more than \$800,000 shall be available only for as-  
2 sisting in transporting to and settling in Latin America se-  
3 lected immigrants from that portion of the Ryukyuan Archi-  
4 pelago under United States administration.”

5 SEC. 707. The Foreign Service Act of 1946, as amended  
6 (22 U.S.C. 801 et seq.), is further amended as follows:

7 (1) In the second sentence of section 701, strike “to the  
8 extent that space is available therefor”; substitute “members  
9 of family” for “spouses”; and add before the period “or while  
10 abroad”.

11 (2) Amend section 872 by striking out subsections (b)  
12 and (c) and inserting in lieu thereof the following:

13 “(b) When any such retired officer or employee of the  
14 Service is reemployed, the employer shall send a notice to  
15 the Department of State of such reemployment together with  
16 all pertinent information relating thereto, and shall pay  
17 directly to such officer or employee the salary of the position  
18 in which he is serving.

19 “(c) In the event of any overpayment under this sec-  
20 tion, such overpayment shall be recovered by withholding  
21 the amount involved from the salary payable to such re-  
22 employed officer or employee, or from any other moneys,  
23 including his annuity, payable in accordance with the pro-  
24 visions of this title.”

1       (3) In section 911, add the following new paragraphs  
2       (9) and (10) :

3           “(9) the travel expenses of officers and employees  
4       of the Service who are citizens of the United States, and  
5       members of their families, while serving at posts specifi-  
6       cally designated by the Secretary for purposes of this  
7       paragraph, for rest and recuperation to other locations  
8       abroad having different environmental conditions than  
9       those at the post at which such officers and employees  
10      are serving, provided that such travel expenses shall be  
11      limited to the cost for each officer or employee and  
12      members of his family of one round trip during any con-  
13      tinuous two-year tour unbroken by home leave and two  
14      round trips during any continuous three-year tour un-  
15      broken by home leave;

16           “(10) the travel expenses of members of the family  
17      accompanying, preceding, or following an officer or  
18      employee if, while he is en route to his post of assign-  
19      ment, he is ordered temporarily for orientation and train-  
20      ing or is given other temporary duty.”

21       (4) Amend section 933 (a) to read as follows:

22       “(a) The Secretary may order to the continental United  
23      States, its territories and possessions, on statutory leave of  
24      absence any officer or employee of the Service who is a citi-  
25      zen of the United States upon completion of eighteen months’



1 continuous service abroad and shall so order as soon as pos-  
2 sible after completion of three years of such service.”

3 (5) Amend section 942 to read as follows:

4 “SEC. 942. TRAVEL FOR MEDICAL PURPOSES.—In the  
5 event an officer or employee of the Service who is a citi-  
6 zen of the United States or one of his dependents, requires  
7 medical care, for illness or injury not the result of vicious  
8 habits, intemperance or misconduct, while stationed abroad  
9 in a locality where there is no qualified person or facility to  
10 provide such care, the Secretary may, in accordance with  
11 such regulations as he may prescribe, pay the travel expenses  
12 of such person by whatever means he shall deem appropriate,  
13 including the furnishing of transportation, and without re-  
14 gard to the Standardized Government Travel Regulations and  
15 section 10 of the Act of March 3, 1933, as amended (60  
16 Stat. 808; 5 U.S.C. 73b), to the nearest locality where  
17 suitable medical care can be obtained. If any such officer,  
18 employee, or dependent is too ill to travel unattended, or in  
19 the case of a dependent too young to travel alone, the Sec-  
20 retary may also pay the round-trip travel expenses of an  
21 attendant or attendants.”

22 SEC. 708. Section 2 of the Act of July 31, 1945, as  
23 amended (22 U.S.C. 279a), is hereby amended to read as  
24 follows:

25 “SEC. 2 There is hereby authorized to be appropriated,

1 out of any money in the Treasury not otherwise appropriated,  
2 such sums as may be required for expenditure under the  
3 direction of the Secretary of State, for the payment by the  
4 United States of its proportionate share in the expenses of  
5 the Organization: *Provided*, That the percentage contribu-  
6 tion of the United States to the total annual budget of the  
7 Organization shall not exceed 33.33 per centum.”

8 SEC. 709. The first section of the Act entitled “An Act  
9 to authorize participation by the United States in the Inter-  
10 parliamentary Union”, approved June 28, 1935, as amended  
11 (22 U.S.C. 276), is amended by striking out “\$33,000”  
12 and “\$15,000” and inserting in lieu thereof “\$48,000” and  
13 “\$30,000”, respectively.





87<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 8400**

[Report No. 851]

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# A BILL

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To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

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By Mr. MORGAN

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JUNY 31, 1961

Referred to the Committee on Foreign Affairs

AUGUST 4, 1961

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed









# Digest of CONGRESSIONAL PROCEEDINGS

(OF INTEREST TO THE DEPARTMENT OF AGRICULTURE)

OFFICE OF  
BUDGET AND FINANCE  
(For information only;  
should not be quoted  
or cited)

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For actions of August 8, 1961  
87th-1st, No. 135

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HIGHLIGHTS: House committee reported bill for hog cholera eradication. Senate committee reported bills for USDA and land-grant college centennial celebrations. Sens. Keating, Proxmire and Tower debated farm policy. Senate debated foreign aid bill.

## HOUSE

1. APPROPRIATIONS. Received from the President supplemental appropriation estimate for fiscal year 1962 (H. Doc. 217); to Appropriations Committee. The document includes the following items for the Farmers Home Administration of this Department: (1) Farm Housing Grants and Loans as authorized by P. L. 87-70 which amends the Housing Act of 1949, \$10,000,000; (2) additional amount for Salaries and Expenses, \$2,400,000, including \$250,000 for farm housing research and study programs to be conducted by the Agricultural Research Service and the Economic Research Service; and (3) a language proposal making the \$37.5 million contingency authorization for farm operating loans provided in the 1962 Agricultural Appropriation Act available also for Soil and Water Conservation Loans p. 13945

The "Daily Digest" states that "Conferees met in executive session to resolve the differences between the Senate-and House-passed versions of H. R. 7851, fiscal 1962 appropriations for the Defense Establishment, but did not reach final agreement." p. D679

2. ATOMIC ENERGY. By a vote of 235 to 164, agreed to send H. R. 7576, the AEC authorization bill, to conference with the House conferees instructed not to agree to the \$95 million for the electric energy generating facilities for the new production reactor at Hanford, Wash., as contained in the Senate amendment. Rejected earlier, 164 to 235, a motion to table the motion to instruct the conferees. House conferees were appointed. pp. 13896-908.



2. FARM PROGRAM. Rep. Albert commended the President for signing the Agricultural Act of 1961 and said, "This act is an important milestone in the history of agricultural legislation in this country." p. 13889
3. HOG CHOLERA. The Agriculture Committee reported without amendment H. R. 7176, to provide for a national hog cholera eradication program (H. Rept. 864). p. 13945
4. PUBLIC LANDS. The Agriculture Committee reported without amendment S. 702, to authorize the Secretary of Agriculture to convey a tract of forest land in Wyoming to the town of Afton (H. Rept. 866). p. 13945
5. PATENTS. The Judiciary Committee reported without amendment H. J. Res. 499, authorizing a celebration of the American patent system (H. Rept. 871). p. 13945
6. ASSISTANT SECRETARIES. The Interstate and Foreign Commerce Committee voted to report (but did not actually report) H. R. 6360, to authorize an additional Assistant Secretary of Commerce. p. D678
7. BROOMCORN. Several Representatives discussed the plight of the broomcorn industry. pp. 13926-7

SENATE

8. CENTENNIALS. The Judiciary Committee reported without amendment H. J. Res. 435, to provide for recognition of the centennial of the establishment of the Department of Agriculture (S. Rept. 680), and H. J. Res. 436, to provide for recognition of the centennial of the establishment of the national system of land-grant universities and colleges (S. Rept. 681). p. 13949
9. FOREIGN AID. Continued debate on S. 1983, the foreign aid authorization bill. pp. ~~13956-8~~, 13958-9, 13974-9, 13980-98, 14004-9, 14014-7, 14035-6
0. PUBLIC LANDS. Passed without amendment H. R. 2925, to amend the act of March 8, 1922, so as to permit the sale of certain isolated tracts of public lands in Alaska. This bill will now be sent to the President. p. 14021
1. TRANSPORTATION. The Commerce Committee voted to report (but did not actually report) S. 1368, with amendment, to continue the authority for licensing independent ocean freight forwarders, and S. 1978, with amendment, to provide for partial exemption from the provisions of part II of the Interstate Commerce Act of terminal area motor carrier operations performed by or for common carriers by water in interstate commerce subject to the Shipping Act of 1916 and the Intercoastal Shipping Act of 1933. p. D676
2. WATERFOWL; WETLANDS. The Commerce Committee voted to report (but did not actually report) with amendment, H. R. 7391, to promote the conservation of migratory waterfowl by authorizing Federal acquisition of wetlands and other essential waterfowl habitat. p. D676
3. RECLAMATION. The Subcommittee on Irrigation and Reclamation of the Interior and Insular Affairs Committee voted to report to the full committee S. 970, to authorize construction of the Mid-State reclamation project, Nebr., and S. 230, to modify provisions relating to the construction of the Garrison Diversion Unit, Missouri River Basin project. p. D676
4. FOREIGN TRADE. The Commerce Committee <sup>voted to</sup> report with amendment S. 1729, the proposed Foreign Commerce Act of 1961 to improve and expand services necessary for the export of U. S. products. p. D676



and themselves in smaller, more varied businesses than now is the case.

#### MORE ACCEPTANCE, LESS INFLUENCE

If IBEC experiences here are any guide—particularly since the moderately leftist Venezuelan Government of President Romulo Betancourt is itself considered something of a pattern setter among Latin lands—similar operations elsewhere would reap many advantages. Among them are greater local acceptance than generally is accorded foreign firms, less danger of expropriation and a broader base for capitalizing on local economic expansion. But there are disadvantages, too. Profits are small; IBEC earnings here so far average well below many American concerns in Venezuela. And IBEC for all its local acceptance doesn't wield anywhere near the local influence of the big oil and mining companies.

Though IBEC has been called the Rockefeller family's private point 4 program, it's a little too hardheaded for that. Just what it is, however, sometimes baffles even people who work for it. In an annual report Nelson A. Rockefeller, now Governor of New York, once described its objectives as "making available American management, capital, and technical knowledge for significant projects overseas in ways that simultaneously raise living standards and earn substantial profits." In less formal fashion a local IBEC executive, youthful Frederick "Derek" Nicholas, who manages to combine usually mussed hair and a trimly buttoned-down collar, simply says, "We're just trying to introduce here methods tested in the United States and make some money at it."

On both counts IBEC gets good marks from some other businessmen here. "A really first-class merchandising operation," says one retailer. "They're full of ideas, good ones."

#### ORIGINAL LOSSES LARGE

Whatever the original idea, IBEC in its early years here didn't look like a pattern for much of anything except losing money.

The initial scheme in 1947 was for a series of companies owned half and half by IBEC and the Venezuelan Government. They would be managed by IBEC for 10 years, then turned over to Venezuelan ownership. There was no problem about funds, President Betancourt, then briefly in power before a military coup threw him out and inaugurated the decade-long Perez Jimenez dictatorship, told foreign oil companies they had to put more money into the general economy. So Shell and Creole Petroleum, the Venezuelan affiliate of Jersey Standard, which of course is no stranger to Rockefeller influence, loaned some \$13 million to the Venezuelan Basic Economy Corp., as it was then called.

"Everything was done too fast, with too much money, and we made a pile of mistakes," recalls William F. Coles, an IBEC director who's been the Rockefeller legal adviser in Venezuela for a quarter century.

When the Perez Jimenez regime came to power in 1948 it quickly terminated its relationship with IBEC. IBEC went on to make a "pile of mistakes" on its own with a farming company, a wholesale grocery business and a fish company. The overthrow of the "P.J." regime in 1958 brought back the more sympathetic Mr. Betancourt. But, in its present setup, IBEC has no Government ties, gets no special privileges and in fact is usually as frustrated as the next businessman in dealing with the local bureaucracy.

#### FISHERY FLOP

The fish company, decided upon because Venezuela had relatively little commercial fishing and most people's diets lacked protein, had many woes. "It failed because we never got a big enough volume of fish to pay the overhead," relates IBEC's general

manager here, Bernardo Jofre, a voluble Spaniard who once was mayor of Majorca but fled here when General Franco took over in Spain. "The fishermen fished when they had no money, then when they were paid they went drinking. We needed 20 tons of fish a day and got 8."

The fish company experience also disclosed that foreign advisers aren't always too clever. "We brought a fish expert in from Florida because we thought the local people didn't know how to handle fish," recalls Mr. Coles, propping his feet up on a coffee table in his office. "He told me the natives obviously didn't know how to use ice, because they put one big piece inside the fish's belly instead of spreading it in layers. He changed everything and then the sanitary inspectors started rejecting our fish. We checked around a little and found that here they inspect fish by sniffing it inside. From then on we put a piece of ice inside the belly."

The farming venture failed, too, but not so spectacularly; Nelson Rockefeller later took over one of the farms and still grows rice, potatoes, and cattle there. The farm troubles were mostly the result of moving too fast, too soon. Venezuela's food distribution system wasn't sufficiently developed to support large-scale commercial farming.

#### GO TO CONSUMER

The wholesale grocery business, intended partly to overcome this distribution tieup, also is listed among IBEC's local mishaps although it ultimately evolved into the present highly successful supermarket chain. "We sold on credit but the retailers didn't pay us back," says Senor Jofre. "We had many accounts receivable but little else. Some retailers bought our things at low cost but kept their own prices just as high. We learned to start small and go directly to the consumer because that gave us more control over the operation."

"After the first failures in the early 1950's we put more emphasis on just making a profit," states Mr. Coles. "When we started to be successful ourselves we found we were helping the local economy, too. The philosophy now is to invest in what is basically good for the country but only on a profit-making basis."

Both the supermarkets and the milk plants fit this idea neatly. Last year's supermarket sales of nearly \$30.1 million make IBEC the largest retailer in the country, edging Sears, Roebuck by about \$1.2 million. However, IBEC's operating profit here isn't large, only \$242,000, or less than 1 percent on total sales.

#### MORE FOOD VARIETY

The 17 present American-style supermarkets have greatly increased the variety of foods available here, opened a more stable market for food growers, fostered higher standards and better packaging of locally produced food and reduced prices. Aside from price-controlled items such as some meat, cheese, potatoes, and beans, prices charged by the small open-front shops and street vendors who still provide groceries, meat, and bakery goods for most Caraqueños run anywhere from 15 percent to 50 percent higher than in IBEC supermarkets.

Some business people have argued that Latin Americans aren't very good shoppers or particularly price conscious. This doesn't seem evident in IBEC stores here. On sale days floor traffic increases sharply in the supermarkets and housewives compare heads of lettuce, cuts of meat and cans of fruit almost as avidly as in the United States. Even on sale days, which fall on Thursday, many local prices are high by U.S. standards. One day recently, in addition to voting for Miss Venezuela, shoppers in IBEC stores could pick up two large cakes of Camay soap for 36 cents, pork chops at \$1.55 a pound, two small cans of Stokely's vegetable salad

for 45 cents or a package of macaroni for 30 cents.

IBEC also creates some disruptions. Walking along a narrow, nondescript street in a working class neighborhood where a new supermarket is being opened, an IBEC store official makes this plain. "That fellow over there isn't going to like us at all," he says, pointing to a typical Latin American corner grocery with its stem of bananas hanging from the ceiling and a small stock of dusty canned goods stacked behind the counter. "We'll be very popular in this shoe shop here and that laundry over there because we'll bring more customers down this street. But this place (a dimly lit shop selling pots, and pans and other housewares) will hate to see us come because we sell the same things cheaper and in better quality."

#### PROFITS IN MILK

The milk plants, which are highly profitable according to IBEC officials, started with what has become an increasingly common IBEC maneuver of buying into an existing small business that is losing money or not going anywhere in particular. In this case, IBEC bought slightly more than a 50-percent interest in a dairy in Valencia, a town about 100 miles west of Caracas. IBEC brought in new bottling machinery and, more important, introduced paper cartons and home delivery to Venezuela. In 3 years' time output has jumped to 170,000 quarts of pasteurized milk a day from the initial 8,000 quarts and two new plants have been opened.

IBEC recently sold half its share of the milk company to Foremost Dairies of San Francisco. Each of the U.S. companies now owns about 26 percent of the milk firm, which officially carries the melodious name of C. A. Industria Lactea de Carabobo, with Venezuelans owning the rest. More and more IBEC is forming overseas partnerships with other U.S. concerns, partly to spread the financial risk but also to pull in experienced technicians and managers.

Fifteen years ago Venezuela didn't have a modern milk industry. Today it probably has the best developed one in Latin America and competition is increasing, including a partially government-owned company. Shortly after the government went into the milk business, recalls Mr. Cole, a 30-cent-a-quart ceiling price was imposed. "We had been selling at 38 cents," he says, "and we really thought we'd been put out of business. But it looked like an expanding market so we got some more machinery, worked harder and made more profit than ever, though it's being squeezed now by higher costs."

#### BACK TO BASIC FOODS

The IBEC egg ranch, a joint venture with Arbor Acres Farm of Glastonbury, Conn., is another effort to move back toward basic food production. For years Venezuela imported all its fertile eggs for hatching meat-type chickens. Now IBEC is importing the chicks that grow up to lay the eggs that hatch the birds. Twenty thousand hens and 2,000 roosters on 62 acres near Valencia now produce about 50,000 marketable fertile eggs a week, a great many eggs in scrambling terms but hardly a crack in the country's normal imports of 673,000 hatching eggs weekly. About a million eating eggs also are imported daily.

Ownership of IBEC ventures—operations in Venezuela alone are split among 11 different companies employing 1,500 persons but only about 20 Americans—is highly varied, though it's almost always divided somehow between U.S. and local investors. Here, for example, supermarket ownership is split almost 50-50 between IBEC itself and Venezuelan partners. But IBEC has only a minority interest in the milk company since Foremost bought in. A now defunct auto finance company, abandoned because of increasingly severe restrictions on auto im-



ports, was half owned by Venezuelans; the other 50 percent was divided evenly among IBEC Associates Investments, and a subsidiary of Chase-Manhattan Bank.

However, IBEC shies away from most ventures it can't dominate either by stock control, a management contract or through local investors completely sympathetic to the company's ideas.

Most basic decisions, particularly if they involve spending any great amounts of money, are made by IBEC in New York. Day-to-day operations are left completely to men in the field. Impetus for new projects usually comes from New York and, one gathers, often from informal sources. "The chicken business was completely a New York idea," relates lawyer Coles, "probably because somebody knew somebody in Arbor Acres and got fascinated with eggs."

Top decisionmakers for IBEC in New York are Chairman Robert W. Purcell, a former chairman of Investors Diversified Services, the Nation's largest mutual fund organization, and President W. B. Dixon Stroud, a former executive of Deering Milliken & Co., Inc., a leading textile concern. Though the Rockefellers still own most of IBEC's stock, only Rodman Rockefeller, oldest son of the New York Governor, is active in the management. He is a director and vice president of the housing division, which currently is putting up low- and medium-priced homes in Peru, Chile, and Iran. Governor Rockefeller played a major role in founding the company—his wartime duties as Coordinator of Inter-American Affairs originally prompted his interest—but has no official position with IBEC now except as a major and highly influential shareholder.

#### TRIBUTE TO PAUL C. JOHNSON

Mr. JORDAN. Mr. President, on March 14 of this year it was my privilege, in my capacity as chairman of the Subcommittee on the Senate Restaurant, to pay justifiable tribute to our most senior employee on Capitol Hill—Paul C. Johnson—who had completed his 60th year on the staff of the Senate restaurant.

It is now my sad duty to announce the death on Sunday last of our good friend and dedicated employee.

There are many things I could say on this occasion, but I know there is not a Member of this body who does not share my grief that Paul will no longer be on hand in the Senators' dining room to greet us with his friendly smile and cheerful word.

I am certain his record for long and distinguished service on Capitol Hill will not soon be broken. I am equally certain that our affectionate memories of this devoted employee will not soon be forgotten.

Paul uniquely blended dignity with his industry and courtesy with his efficiency to win the respect and esteem of Senators down through the years since the turn of the century. His influence among men of all stations, creeds, and races was but for good. Untold numbers of people who have been comforted by his presence when visiting the Senate restaurant will cherish his memory.

When I saluted him last March I expressed the hope that he might be spared to continue as our headwaiter in the new enlarged Senate dining room soon to be available. The good Lord has now seen fit to take him from our midst but

Paul's legacy of good will and outstanding service remains with us. We are indeed fortunate to have known his ennobling friendship.

Mr. MORTON. Mr. President, I have written to the family of Paul Johnson, expressing our great appreciation for the many years of fine service Paul rendered to the Senate, and expressing our deep regret at his passing.

Mr. COTTON. Mr. President, I should like to add my own personal word to the very fine remarks which have been made by the distinguished Senator from North Carolina.

I first knew Paul Johnson when I came here as a clerk to a Senate committee in 1925; and during the 4 years I worked as an attaché of the Senate, working for a Senator from New Hampshire, I came to know Paul very well.

I renewed my friendship with Paul when I came to the House of Representatives in 1946; and later, when I moved here to the Senate, we were once more together.

There never was a finer gentleman who was more kind, sincere, courteous, friendly, and patient with everyone. Paul had the esteem and affection of everyone who knew him.

I, too, have written to his family; and I, too, join the distinguished Senator from North Carolina in expressing our sorrow at the passing of this fine servant of the Senate and the people of his generation.

Mr. JORDAN. Mr. President, I thank the Senator from New Hampshire very much for his contribution to these remarks.

Mr. FULBRIGHT. Mr. President, I do not wish to let this opportunity pass without associating myself with the remarks of the Senator from North Carolina [Mr. JORDAN] and the Senator from New Hampshire [Mr. COTTON].

Paul Johnson was one of the finest gentlemen I have ever known. In his position he had unfailing courtesy and the greatest consideration for me and for everyone else. He rendered outstanding service to the Senate.

I shall miss him greatly, as I am sure all other Senators will. I deeply regret his passing.

Mr. SYMINGTON. Mr. President, I should like to join the distinguished Senator from North Carolina, the distinguished Senator from New Hampshire and the distinguished Senator from Arkansas, in paying tribute to Paul Johnson, a true gentleman, for his outstanding service to the Senate. Everyone who knew him had the highest regard for him. I know I speak for all Members of the Senate when I say we shall always miss him.

Mr. GRUENING. Mr. President, I, too, wish to associate myself with the very fine remarks of the Senator from North Carolina [Mr. JORDAN], the Senator from New Hampshire [Mr. COTTON], the Senator from Arkansas [Mr. FULBRIGHT], and the Senator from Missouri [Mr. SYMINGTON], and also with the remarks made yesterday by other Senators when there came to us the sad news of Paul Johnson's death.

Paul Johnson was indeed a true gentleman. He was one of nature's noblemen. He endeared himself to everyone with whom he became associated. He was an institution because of his fine character, his gentleness, his kindness, and his fine spirit, which pervaded the entire functioning of the Senate dining room. It was a pleasanter place because of Paul's presiding genius. He will be missed for as long as any of the Members of the Senate who knew him are alive.

Mr. KEATING. Mr. President, I wish to join the distinguished Senator from North Carolina and our other colleagues in their very well deserved tributes to Paul Johnson.

The Senator from North Carolina and I have served on the Senate Restaurant Subcommittee of the Committee on Rules and Administration, and in that capacity we came in contact with Paul more closely than many other Senators.

It is perhaps unique in the annals of Congress that any one man would so deeply win the affections and the respect of all Members—those from the east, the west, the north, and the south. He did that by means of his fine character, his loyalty, and his courteous approach to everyone.

The Chaplain of the Senate has told me of his last visit to Paul and of his deep faith, which certainly will sustain his loved ones in this hour of sorrow.

Mr. JORDAN. Mr. President, I appreciate very much the words of the Senator from New York, who, as he has said, has served with me on the subcommittee, and thus we had an intimate knowledge of Paul and his work.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

Mr. PROXMIRE obtained the floor.

#### THE FOREIGN ASSISTANCE ACT OF 1961

Mr. SMITH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. PROXMIRE. I ask unanimous consent that I may yield to the Senator from Massachusetts, and other Senators who desire to speak, without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SMITH of Massachusetts. Mr. President, the Foreign Assistance Act of 1961 is as much a defense measure as any we have passed for missiles or armies or civil defense. Over the last 15 years, under administrations both Republican and Democratic, we have formed a great coalition of free nations against communism. We have brought other nations into this coalition because America, with but 6 percent of the world's population and land area, needs their aid.

The struggle between East and West will not be resolved in Berlin. It will not, we hope and pray, be resolved by war. Victory will go to that side whose system is best able to bring the people of the world a better life.



In Asia, Africa, and South America many nations are now making decisions about their future. After centuries of poverty, they see a chance for a better life. They want the same things our own people want—adequate food, a home, a job, a chance to work and raise their families in peace.

If we are to win the cold war, we must convince these people that they can achieve these things better the American way, with freedom, than the Communist way, without freedom. This is what foreign aid is all about.

Many intelligent and patriotic Americans oppose foreign aid. I respect the sincerity with which they hold their views and the force with which they express them.

Many of their criticisms are sound—especially as to the mistakes and waste which have riddled the program in the past. We have paid money to grafters, built roads, which have sunk into the mud, built up military dictators who are no better for their people than the Communists themselves. But these mistakes should lead us to improve the program, not scrap it.

This is the purpose of the administration's new proposals. This bill will bring all our diverse aid agencies under central control. It will force loans to be repaid in American dollars.

It will not help any country which will not help itself.

Over the half money in this bill will be for military assistance and defense support to those countries under the gun of Communist takeover.

Another reform, most important to the effective working of this program, is the long-term borrowing authority for the Development Loan Fund. I have been a businessman for almost 20 years. I know from experience that any business has to be able to plan ahead if it is to succeed. It must be able to borrow from the bank to carry out these plans. The waste of money involved in stumbling along from year to year can be fatal. In foreign aid, we have had to tackle 20-year problems with 1-year appropriations.

I am convinced that many of the abuses of foreign aid we read about would not have occurred if this long-term authorization had been in the program from the outset.

This authorization is a time-tested method of financing such projects. Twenty-three Government programs now use it, including those which loan money to veterans to build homes and which guarantee homebuilding funds loaned by banks.

If these agencies had not been able to borrow money directly from the Treasury, millions of Americans would not have been able to borrow money from banks on a long-term basis to build their homes. Yet there has been no complaint about Congress losing control of housing loans.

Under this proposal, Congress will have plenty of control over foreign aid. We will be able to establish the pace at which money can be spent; set rules for loans; reviews, investigate, slow down or cancel the program at any time.

Since the borrowing authority will be subject to the provisions of the Government Corporation Control Act, a business-type budget containing estimates of financial conditions and operations for each fiscal year will have to be submitted and passed upon each year by the appropriations committees of Congress. In short, it is a businesslike way of getting the job done.

Other points that have been made by the opponents of this program cannot be sustained, in my judgment:

First. They say that Federal aid has not bought us friends. But this has not been its purpose. Our purpose has been to strengthen the free world against communism, and the fact is that dozens of countries which were weak and restless when foreign aid was first injected, have been shored up into independent states instead of becoming Communist satellites. Greece, Turkey, South Korea, and Thailand are but a few.

Second. They say that foreign aid is money poured down a rathole. I would note that 80 percent of foreign aid money is spent right here in the United States to purchase American products from American firms. This is not pouring money down a rathole. Of the \$1.1 billion in military assistance last year, over one-half was spent in the United States, \$71 million in my own State of Massachusetts.

They say that foreign aid has not worked to strengthen the economies of nations. But the Marshall plan in Europe was an unquestioned success. In the underdeveloped countries, the job will be harder because of the lack of technical know-how and developed resources. Yet, the progress in countries where sustained programs of aid have been carried on has been remarkable. In India, the gross national product, in constant prices rose 19 percent between 1955 and 1960.

Industrial production went up 38 percent and electric power production rose 87 percent. The same holds true for Pakistan, Greece, the Philippines, South Korea, and many others. Progress has been slow, but given the centuries which must be crossed, it has been steady.

I know foreign aid is a burden. I know its mistakes have been glaring, and its benefits undramatic. I recognize there are many things right here at home on which our people would rather spend their hard-earned money. But in a battle for survival we cannot always do what we want. As Thomas Paine said, at the time of our own Revolution in Massachusetts:

Those who expect to reap the blessing of freedom must, like men, undergo the fatigue of supporting it.

#### SETTING THE RECORD STRAIGHT ABOUT ALASKA

Mr. BARTLETT. Mr. President, on July 27, the Wall Street Journal published a front-page article about Alaska. The article contains serious errors in fact and unwarranted inferences. Although some of the assumptions made are in fact correct, the conclusions, I believe, are thoroughly misleading.

Since the article's analysis is decidedly unfair to the magnificent efforts which have been made by Alaskans in a very difficult period of transition from territorial status to statehood, and since the article could do considerable damage to the State's reputation, I feel it my duty to amend the Journal's conclusions with respect to the future of the Alaska economy. I wish also to thank Gov. William A. Egan for an excellent rebuttal which he has recently sent me by telegram and which I have used in the preparation of this statement. I ask unanimous consent that the Journal article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**ALASKA'S ECONOMY: IT'S HARD HIT BY SHIFTS IN DEFENSE EMPHASIS, HIGH COST OF STATEHOOD—UNEMPLOYMENT TOPS NATIONAL AVERAGE—STATE PILES UP DEBT TO PRIME THE PUMP—PROMISING NOTE: OIL OUTPUT**

(By Ray J. Schrick)

JUNEAU, Alaska.—At 9:30 a.m. yesterday in the capitol here, officials of this new State gathered to inspect bids on \$13,975,000 of general obligation Alaskan bonds. The issue, rated BAA—the fourth rating from the top—by Moody's Investors Service, will cost the State better than 3.75 percent in annual interest, based on the best bid received for the bonds.

In another State capital, Raleigh, N.C., officials were similarly engaged during the day. Selling \$17,160,000 of general obligation bonds, North Carolina's issue was given a top rating of AAA by Moody's and, on the basis of the best bid, will cost the State less than 3 percent in annual interest.

The lower rating and higher interest cost of the Alaskan bonds reflect what the Wall Street financial community believes to be the greater risk in owning them. Some of the reasons are obvious: Having officially become a State only 30 months ago, Alaska lacks the maturity of its sister sovereignty in the South; Alaska's State government is largely untried, its population thin, its natural resources, though abundant, mostly undeveloped. Moreover, Alaska lies nearer to Russia than to the U.S. mainland, and would be extremely vulnerable in any war.

#### TAXES AND UNEMPLOYMENT

A close look at this northernmost State, however, turns up still other and no less compelling reasons for the disparity in the bonds' costs. The fact is, Alaska is grappling with a host of knotty economic problems—soaring taxes, high unemployment, and dwindling Federal aid among them—and no one who has studied the situation believes the solution will come easily.

Between 1950 and 1960, Alaska grew at a faster rate than any State—up 75.8 percent in population, from 128,643 to 226,167. Nevertheless, Alaska still ranks last among the States in population despite the fact it is by far the largest in size, twice as big as boastful Texas.

The main stimulus for this rapid population growth came from Uncle Sam, who poured money and manpower into the State to develop its own defenses. The reasoning was that if the United States were attacked by Russia, it probably would be by airplane or missile and would come over the North Pole; Alaska thus provided a distant outpost to warn against attack and from which to launch a counterattack. Under this concept, one-tenth of all U.S. Air Force investment for bases and other installations have been staked in Alaska. The effect on the State's economy has been tremendous. Even now, defense spending provides the funds for



nearly one-third of all personal income in the State.

#### IMPACT OF MISSILE TECHNOLOGY

But there is evidence the recent huge U.S. defense outlays in the State will not be repeated any time soon. The coming of space satellites has brought a shift in defense strategy. Now, with both Russia and the United States keeping satellites in orbit around the earth, either could attack the other from any direction at anytime, defense planners believe. While Alaska undoubtedly will continue to play a vital role in this Nation's defense program, it won't hold the center of the stage as before. Military construction in Alaska in the fiscal year that began this month will be down to \$30 million, from \$95 million last year.

One consequence: The State is forecasting a sharp slowdown in the population growth rate during the next 5 years, compared with the pellmell pace of the past decade.

Besides his defense spending in Alaska, Uncle Sam coughs up money for roads, hospitals, airports, schools and numerous other items. All States receive such Federal aid, of course. But Alaska's share is unusually large—partly because many Federal distributions are proportioned to some extent on a State's land area. In any event, Alaskans manage to get more Federal money in relation to the taxes they pay than do the citizens of any other State: For every 16 cents Alaskans pay in Federal taxes, they get \$1 back in the form of Government expenditures in the State. In contrast, New Jersey pays \$2.14 for each dollar received, Pennsylvania \$1.41, New York \$1.40, Michigan \$1.36, and California \$1.34.

But such Federal spending, by itself, cannot fully support Alaska's economy. Significantly, while the United States as a whole appears to be picking up steadily from the recent business recession, Alaska's troubles are deepening. Unemployment, which normally is down at this time of year, was at a post-Korean war high for the 13th successive time in the week ended July 22, the most recent report. The unemployed accounted for 7.27 percent of the total labor force, compared with 3.6 percent unemployed the year before. For the Nation as a whole, 6.8 percent of the labor force was unemployed in mid-June, the latest period for which figures are available.

#### A LABOR MAN'S VIEW

"If we had \$100 million in military contracts, we wouldn't be having this trouble," declares Robert McFarland, head of the AFL-CIO in Alaska. So fiercely competitive has the bidding become here on the smaller volume of Government contracts that the U.S. Corps of Engineers not long ago let several contracts for an amount 22.4 percent below the advance cost estimates.

One bright spot: Six unions in the construction field recently reached agreement on new contracts with Alaska's Associated General Contractors after nearly a half year of negotiations. Strikes and layoffs among some of these unions had contributed to the unemployment problem.

On all sides, a visitor to this vast land sees and hears evidence of the depressed economy. Morrison-Knudsen Co., Inc., a Boise, Idaho, contractor which at one time employed nearly 5,000 construction men in Alaska, has all but shut up shop and earlier this year had only 25 men on its payroll in the State. Slender Oren "Pop" Warner of Fairbanks, a steamfitter, complains that "in 7 years in Alaska, this was the first time I didn't go to work in March."

Mr. Warner's plaint points up another aspect of the trouble here: The length and severity of the cold weather forces most construction work to be done in June, July, and August. In this peak summer season, two-thirds of the construction work force is tem-

porary help. Put another way, only one-third of the State's construction work force is employed the year around. The Alaskan weather can be hot, too. Around Fairbanks, in fact, temperature ranges of 140° may be encountered in one year—from summer highs near 90° F. to winter lows around 50° below zero.

An added burden on Alaska are the new responsibilities it has had to assume with statehood. Only in the last 18 months, for instance, has it taken on the management and cost of its important fisheries, of its own judicial system, and of its highways. The State has 25 years to take for its own 104 million acres belonging to Uncle Sam. The chances are Alaska won't do this hastily; fire protection alone costs 2 cents an acre a year and could amount to \$2 million a year when the Federal acreage is fully taken over.

What is the State doing to revitalize its economy? Primarily, it has launched a huge pump-priming program which in the current fiscal year will nearly triple spending over 2 years ago. About half the 1961-62 State budget of \$131 million will go to develop transportation. Alaskan Gov. William A. Egan considers roads, ferries, and airports "the real key" to increasing tourism and attracting industry.

"We have assumed statehood at a time in our history when we cannot proceed at a covered-wagon pace," Governor Egan declares.

The actual pace is rapid enough not only to run through the State budget of \$131 million, and another \$62 million in Federal matching funds and outright grants, but also to pile up considerable long-term debt.

The \$13,975,000 bonds on which bids were received yesterday are part of about \$22 million worth to be sold this fiscal year. In all, some \$36 million of bonds have been authorized by the State legislature. On January 1, the State had only \$2,902,000 of bonded debt and as recently as 1957 when it was still a Territory, Alaska had none at all. The State cash balances have dropped from \$20,671,657 on July 1, 1960, to about \$6.8 million currently and are expected to decline to about \$6 million by next July.

Spending would have been even higher had not the State legislature this spring pared Governor Egan's budget by nearly \$2 million and also raised personal income, gasoline, alcohol, cigarette and auto license levies to bring in an expected \$3.6 million more in taxes in the current fiscal year. Uncle Sam authorized \$26 million in special grants to ease Alaska's transition from a Territory to statehood; by the end of this fiscal year, \$22 million of this will have been spent.

#### CRITICISM OF SPENDING

The State's spending program has come in for severe criticism from some quarters. Dr. George Rogers, an economist at the University of Alaska, believes that the State will be a small-town society for many years to come and that no magic will pull us out of a hobbled economy. Dr. Rogers urges a go-slow program in which Alaska's plentiful petroleum, mineral, forest and other resources would be developed gradually, without the need for the State taking on a big debt.

Governor Egan, on the other hand, believes that it is geographic location, transportation costs and climate—not taxes—that hurt Alaska. The bonds being sold by the State this week provide, in part at least, one answer to the problem, the Governor believes.

Getting around in the largest U.S. State has long been a tough task. The State has only one railroad, the federally owned Alaska Railroad which connects Seward and Whittier, seaports in south-central Alaska, with Anchorage and Fairbanks. On highways, Alaska is equally deficient. The United States as a whole averages a mile of road for each square mile of country. But Alaska has

a mile of road for each 100 square miles. A \$181 million roadbuilding program is planned for the next 5 years to increase the State's highway mileage from 4,500 to 5,400 and to improve existing mileage.

Some of the money for this program will come out of the bond issue. But by far the larger part of this issue is earmarked for another transportation project: A \$15 million ferry system for southeast Alaska. Communities in this part of the State, known as the Panhandle, are widely separated by mountainous terrain which makes roadbuilding costs prohibitive, or by big water channels which make bridging impractical. At present, transportation between these towns is limited to air operations and to conventional water freight service.

#### THE FERRY SYSTEM

The State intends to build three ferries to serve one route linking Prince Rupert, a highway and rail center in British Columbia, with Haines and Skagway, Alaskan towns at the northern end of the Panhandle, and another route linking Homer and Kodiak in south-central Alaska. The first of these two routes is considered the most important. At Haines, motorists will be able to take a highway linking with the Alaska Highway and the better developed road network in central Alaska.

State planners figure the ferry system will lose nearly \$2 million in the first 3 years of operation, then should show an operating profit in the fourth year of \$414,550. This does not take into account debt service, estimated to average \$1 million a year for 30 years. (The bonds, however, are backed by "the full faith, credit and resources" of the State and do not depend on revenues for amortization). The fare over the 438-mile "marine highway" has been set tentatively at \$141 one way for auto and driver. The system is scheduled to open next year.

Although the ferry bonds when first proposed stirred up bitter opposition, the system has been defended as promoting tourism as well as trade between Alaskan communities. Tourism has been a big disappointment in Alaska since statehood. Last year, tourist traffic in the State fell an estimated 25 percent from a record level in 1959. It looks as if 1961 will be off again according to West Tours, Inc., of Seattle, a large booker of Alaska trips. West Tour's Alaskan business so far this year is down "at least 25 percent" from the like 1960 period.

#### HIGH WAGE COSTS

Looking ahead, most Alaskans are working hard to lure industry and capital from the rest of the United States to develop the State's wealth of natural resources. This may not be easy. As Governor Egan has noted, the State's geographic location, climate and transportation difficulties all contribute problems. Moreover, industry could be discouraged from building in Alaska because of the high costs, mainly attributable to wages. Construction labor in Alaska averages \$214 a week in wages, compared with \$104 a week nationally, according to a 1959 study by the U.S. Department of Commerce. Privately, this situation is blamed on Uncle Sam, who has done much of his building here on a cost-plus basis which gives little incentive to hold wages down.

"No question about it, high military construction wages make civilian industry even tougher to develop," declares C. Girard Davidson, president of the Pacific Northern Lumber Co. of Wrangell, Alaska. Mr. Davidson estimates his partly completed \$3 million lumber mill at Wrangell will cost about double a similar mill in Oregon.

Other developments give more reason for optimism. Oil production, for example, is becoming important to the State and this year for the first time oil will probably pass gold as Alaska's No. 1 mineral.



Carthy. Hallanan believes that "America has little to fear from its business giants, who have served the country so well, as compared with the very real and imminent peril that it faces from the giant of Government." The NPC makes studies on oil questions at the request of the Secretary of the Interior, using experts from the various oil companies.

#### QUICK TO EMPLOY PRESSURE

In 1955 there was no contemplation and there was no record and no precedent for placing on the Federal Power Commission a man from the industry that was regulated by the Federal Power Commission and the industry which indeed is by far the most controversial, in view of the clear language that the Congress wrote into the law and the action of the Supreme Court.

Mr. Engler then states:

A similar pattern holds true in the Defense Department's Office of Petroleum Logistics.

He goes on to document that statement.

I skip some of the material in the article Mr. Engler has written. He then continues:

Oil is quick to apply pressure upon those public servants who assume their responsibility for the handling of oil and gas extends beyond the industry. Witness the savage and successful assault upon ex-Federal Power Commissioner Leland Olds whose renomination was blocked because of this concern for the consumer and upon ex-Federal Trade Commissioner Stephen Spingarn whose character, mental stability, and loyalty were publicly questioned because of his role in the release of a report on the international oil cartel in 1952.

#### SUFFERED POLITICAL REPRISAL

The senior Senator from Illinois [Mr. DOUGLAS] last night discussed this question with me and asked if it was not true that when Federal Power Commissioners acted to reflect the public interest and to require compliance with the law, they suffered severely from political reprisal, thanks to the influence of the oil industry.

Of course that is true. Mr. Engler refers to Leland Olds. I think that the Buchanan case is another example where an appointment was not confirmed because of the devastating opposition of the oil industry. In my judgment the most spectacular example was that of William Connole, a man who was praised not only by his supporters but praised also by the oil industry itself. I have available a copy of Petroleum Week, in which there appears an article bearing on Mr. Connole. Petroleum Week itself praised Mr. Connole on his ability. The article states, in part:

While some FPC members have dragged their feet on producer regulation since the U.S. Supreme Court's Phillips case decision in 1954, Mr. Connole since his appointment in 1955 has striven for an early and workable method of determining producer gas prices.

It goes on to say that he has the respect of those who disagree with his views; that he is smart, he works hard, and does his homework.

This man suffered for his diligent, vigorous insistence on enforcing the law. He suffered by not being reappointed to the Federal Power Commission. This is an example of the fact that those who stand up for the consumer groups do not

stay on the Federal Power Commission very long.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am glad to yield.

Mr. CARLSON. Early this morning I made the statement that the Senator from Wisconsin was within his rights in conducting this discussion in, I thought, a very commendable way.

As a result I believe that the impression may have gotten out that I was supporting the Senator from Wisconsin's views with respect to Mr. O'Connor's nomination. I base that statement on a press ticker report which I have just seen.

I am sure the Senator from Wisconsin did not have that in mind.

Mr. PROXMIRE. The Senator from Kansas is absolutely right. It was my assumption that the Senator from Kansas would probably support Mr. O'Connor. I do not know what his position is, but I assume that he would support the nomination. I thank the Senator for his remarks with regard to my procedure, and I know they had nothing to do with the merits of my case.

Mr. CARLSON. I wish to assure the Senator from Wisconsin that I certainly expect to support Mr. O'Connor in the confirmation of the nomination. I merely wished to comment that the Senator from Wisconsin, despite the fact that some may think he was delaying the consideration of the nomination, was well within his rights, which I believe to be the right of every Member of the Senate, and I want the RECORD to be emphatically clear that I intend to support Mr. O'Connor. I think he is an outstanding nominee. I sincerely hope that the Senate will confirm his nomination when the Senator has concluded his speech.

Mr. PROXMIRE. I thank the Senator very much.

Mr. President, I continue reading from the article:

The staffs as well as policies of the Interstate Commerce, Federal Power, and Federal Trade Commissions and the Justice, Defense, and State Departments are closely watched.

#### OIL EXERCISES VETO

So wrote Mr. Engler in 1955. They are really being watched mighty closely in 1961, because the gas industry is seeking to place on the Commission, for the very first time, a man straight from the industry. Mr. Engler goes on to say:

Much of the industry's affection for the principle of States rights is related to the recognition that it is harder to influence such figures as a Secretary of Interior, who, however amenable, is in the national limelight, than a State conservation commissioner who is obscure save to the immediate interest groups concerned. A Louisiana oilman contributed heavily to Earl Long's gubernatorial campaign reportedly in order to get rid of a commissioner of conservation. In the more sophisticated States you won't find oil that visible in politics, but neither will you see a commissioner unsympathetic to oil. Veto power is effectively exercised over gubernatorial choices for State geologists and regulatory officers. One can appreciate the virtues of local self-rule when recalling the classic Texas prorationing controversy of 1931. Gov. Ross S. Sterling, a former president of Humble Oil (a Standard of New Jersey subsid-

ary), ordered the State troops under the command of Gen. Jacob F. Wolters to close the wells. "Wolters," relates an oil history subsidized by Standard, "had been called away from his duties as chief counsel for the Texas Co."

Traditionally, individual oilmen in Pennsylvania, Texas, Oklahoma, Louisiana, California, and the other oil States have exerted considerable influence in elections. Recalling his own experience with the power forces of his oil district which finally defeated him, a former Texas legislator and New Deal Congressman made clear to the writer his conclusion that more than good citizenship is involved in these relations: The big boys from the utilities, the banks, railroads and oil and gas want to contribute to your campaign. They watch you to see if you are OK. Then they'll ask you how you stand on key issues; if you are OK they'll want to contribute.

I am sure that virtually every Member of Congress has been very familiar with this practice on the part of the oil industry to make contributions in areas in which it has no direct interest. That has been true in my State of Wisconsin, where, so far as I know, not 1 gallon of oil is produced. But the oil people have made contributions; some Texas oil people, some New York oil people, and others have made very large contributions to the political parties, depending on their records.

#### MY OPPONENT CAN COUNT ON OIL

Mr. President, I am sure that on the basis of my speech today and my record generally, my opponent in 1964 can expect to receive very large contributions from the oil industry. As a matter of fact, the oil industry has probably been more generous and more active in this respect throughout the country than has any other industry.

Mr. Engler writes:

Membership on key congressional and State legislative committees is screened for those who might be hostile to oil's requirements. Under the watchful lieutenantship of Speaker SAM RAYBURN and Majority Leader LYNDON JOHNSON one test for a seat on the Senate Finance Committee and the House Rules and Ways and Means Committees, it has often been reported, is proper respect for the 27½ percent depletion allowance provided for oil drillers.

Mr. President, this was written in 1955. I was elected to the Senate in 1957. Ever since 1957, I have been trying to get on the Senate Finance Committee, and I have done all I could to get on it, but I have not had any success. No doubt this does not prove the rule; but undoubtedly for those who are opposed to the 27½-percent oil depletion allowance it is a long, long wait.

The article by Mr. Engler continues, as follows:

Nor do the courts escape scrutiny. In 1951, the Texas House of Representatives, angered by the Supreme Court ruling in favor of the Federal Government's paramount rights over offshore lands, adopted a resolution requesting the impeachment of Justice William O. Douglas as responsible for "leading three other members of the Supreme Court into a decision which is in violation of the Constitution \* \* \* and \* \* \* which \* \* \* wantonly and wrongfully robbed Texas and its public school fund of property rightfully belonging to it \* \* \*." Resource-minded figures like Judge Bottomly, of the Montana



Supreme Court, who had been one of the few State attorneys general in the Nation to oppose State control of offshore lands and who from the bench had fought industry's attempts to exploit his own State's public lands, was one of oil's big targets when he was up for reelection in 1954. But oil energies today tend to be devoted more to overruling judicial action through legislative recourse, as evidenced in the natural gas proposals now being introduced in Congress.

Mr. President, I ask unanimous consent that I may yield to the distinguished senior Senator from North Carolina [Mr. ERVIN] without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered; and the Senator from North Carolina is recognized.

#### FOREIGN AID

Mr. ERVIN. Mr. President, it is not altogether easy to do what I am about to do. The temptation to go along with the crowd and support the recommendation of a popular President is strong.

After all, however, one must take such position as he honestly believes to be in harmony with the best interests of our country.

I have made a diligent effort to study the foreign-aid program. My study has left me with an abiding conviction that foreign aid harms our country and the free world more than it helps them.

This has not always been true. During the Second World War the United States expended \$49 billion in its lend-lease program which contributed materially to our victory in that struggle. During the next succeeding years the United States financed in large measure the United Nations Rehabilitation and Relief Administration; it created and supported the armed services civilian supply program; it set up the emergency relief fund for Austria, Italy, and France; it gave military aid to Turkey and Greece, under the Truman doctrine; it established and supported the Marshall plan. All of these foreign-aid programs had a direct relationship to the Second World War, and did much good. This is particularly true of the Marshall plan, which did much to put the nations of Western Europe on their financial feet.

On September 20, 1952, President Truman appointed an able Committee headed by his distinguished Secretary of Commerce, Charles Sawyer, to survey the economic conditions and prospects of the European nations which had been receiving foreign aid under the Marshall plan. That Committee recommended that foreign economic aid be discontinued. It gave as a basis for its recommendation these reasons:

Indefinite dependence on aid destroys self-respect, impairs the real strength of the recipient economy, and has a capacity to destroy friendly relations between the giver and the recipient.

The reasons assigned by the Sawyer Committee in 1952 for the discontinuance of economic foreign aid are just as valid today as they were then. Subsequent events have made it manifest, I think, that the granting of economic

aid by the United States to other nations since the termination of the Marshall plan has done more harm to the strength of the United States and the free world than it has done good.

Ever since I came to the Senate in 1954, those in charge of administering the foreign-aid program have been seeking to persuade the Congress of the United States to place the program on a long-term basis. This effort is being renewed at the present time with more vigor than at any time in the past.

The Psalmist said—Proverbs, chapter 30, verses 18-19:

There be three things which are too wonderful for me, yea, four which I know not:

The way of an eagle in the air; the way of a serpent upon a rock; the way of a ship in the midst of the sea; and the way of a man with a maid.

Mr. President, I ask unanimous consent that I may be permitted to yield to the Senator from Missouri [Mr. SYMINGTON], for an insertion in the RECORD, with the understanding that I shall not thereby lose the floor, and with the further understanding that his insertion follow my remarks in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ERVIN. Mr. President, there is one thing more mystifying than the four things which baffled the Psalmist. It is the way in which the Congress of the United States allows itself to be beguiled into surrendering its constitutional powers to agencies and departments of the executive branch of the Government.

Under the Constitution, the power of the purse is vested in the Congress, and the Congress alone. If Congress enacts into law the provision which authorizes those who administer the foreign aid program to finance that program for 5 years from borrowings from the Treasury, the Congress will be surrendering a power, which the Constitution contemplates that Congress alone should exercise, to an agency of the executive branch of the Government.

There is no validity whatever to the argument that Congress can recover the power of the purse in this particular area at any time within those 5 years. This is true because, under the Constitution, the President can veto any legislative effort on the part of the Congress to recapture its constitutional power over the purse insofar as this particular area of the foreign aid program is concerned.

This means that, although the Constitution itself contemplates that a majority of the Congress shall exercise the power of the purse, the adoption of this provision of the pending bill will make it impossible for the Congress to exercise that power for 5 years in this area unless the Congress can muster a two-thirds vote to override a veto.

Mr. President, I do not wish to belabor my next point, which is that neither the President of the United States or the Secretary of State will not administer the program to be established under this bill. The administration of this program will be committed to a bureaucracy which has operated for years either under its present name of International Cooperation Administration, or its

former names as the Foreign Operations Administration, or Mutual Security Administration, or European Cooperation Administration. This bureaucracy has some 2,000 employees, who occupy some 500 offices in the city of Washington, and 10,000 other employees who are scattered abroad in about 97 of the 110 nations of this earth.

The history of this bureaucracy has been characterized by incredible inefficiency and incredible waste. Even those who advocate entrusting the proposed program to this bureaucracy concede that this statement is true.

In recent days, Thomas S. Loeber, who was employed by this bureaucracy for 4 years in Jordan, has written a book about this organization and its activities entitled "Foreign Aid: Our Tragic Experiment."

On pages 19 to 31 of his book, Mr. Loeber recounts in detail some of the sheer stupidity which has characterized the administration of the foreign aid program in Jordan. I shall not undertake to detail what he says. I shall content myself with simply reading a quotation which begins at the bottom of page 29 of the book:

To end, but by no means complete, this roll call of delinquent aid projects in Jordan, the following should be noted: inactive projects still maintaining technicians on the payroll, Jordan government-purchase contracts on ICA-supported projects that often pay twice or three times the normal market prices for their goods; surplus grain shipments which have been resacked and sold on the local market or which appear on sale in neighboring countries, still with the ICA shield on the bag; American-financed highways that the local contractors have cheated on so badly that they go to pieces in the first rains; and the universal practice of jamming ICA project payrolls with indolent political appointees.

The Comptroller General's Office has asserted that the ICA has substantially overvalued local currencies in relation to the dollar; that it has unduly increased the cost of U.S. aid; that it has used unrealistic exchange rates which resulted in windfall profits to foreign importers; that it has provided incentives for speculation and irregular practices; that it has excessively staffed its missions in other countries with local nationals; that it has been guilty of serious deficiencies in administration; that it has permitted a \$700 million fund to disappear almost magically; and that it has been guilty of lax administration procedures which run throughout the entire organization.

Anyone who is interested in pursuing this further will find references to what the Office of the Comptroller General has said about the ICA on pages 37 and 38 of Mr. Loeber's book. I shall use the words of Mr. Loeber to describe the organization which is going to administer the foreign aid program in the future, as it has in the past. On page 65 of his book, Mr. Loeber says:

There have always been self-protective bureaucracies in government, and it is not a surprise to find one here, but if foreign aid is so vital to America and the free world, it cannot be trusted to so monstrous and directionless a bureaucracy as ICA has become.



Mr. President, Congress could still establish a sound foreign aid program if it would ignore the demands of those who seek to impose the burden of our present foreign aid program upon the backs of American taxpayers until the last, lingering echo of the last toot of Gabriel's horn trembles into ultimate silence.

I respectfully submit that the Congress could establish a sound foreign aid program, which would strengthen the United States and the free world, if it would establish the program under the following basic concepts:

First, a program under which the United States would give necessary military assistance to nations like Turkey, Pakistan, Formosa, South Korea, and the Philippines, which have manifested their willingness to stand up and fight on the side of the free world in any possible conflict with the Soviet bloc.

Second, a program under which the United States would grant reasonable economic aid to economically insufficient countries like Formosa, South Korea, and Turkey, which have allied themselves with the free world.

Third, a program under which the United States would give technical assistance to underdeveloped countries, and thus enable them to learn how to help themselves.

I think all will agree on the truth of one assertion, regardless of their views with respect to the pending bill. This assertion is that foreign aid cannot be justified unless it strengthens the economic or the military or the international position of the United States in today's precarious world.

Under the Constitution the power to tax and the power to appropriate moneys raised by taxation can be exercised by the Congress only for a public purpose which is recognized by the Constitution itself to be valid. This being true, the Congress does not have the constitutional power to convert the United States into an international Santa Claus and permit it to scatter the patrimony of our people among virtually all the nations of this earth.

Congress can exercise the power to tax and the power to appropriate only for purposes which would strengthen the United States, either economically, militarily, or internationally. Foreign aid projects, amounting to \$81 billion, position of the United States. On the contrary, it weakens the economy on which the defense of the United States and the free world depends.

Let us briefly review the record of foreign aid during the postwar period, that is, during the period which began on July 1, 1945, and ended on June 30, 1961. During a portion of this period, namely, from July 1, 1945, through June 30, 1960, the United States made grants and extended credits, which have been utilized and not repaid, for foreign aid project, amounting to \$81 billion. During the same period it made capital investments in such organizations as the International Bank for Reconstruction and Development, the International Finance Corporation, the International Monetary Fund, and the Inter-American

Development Fund, amounting to \$4.9 billion.

In addition to those sums which were expended during the period stated, the United States had available on June 30, 1960, for foreign aid purposes out of unspent appropriations made by Congress before the fiscal year 1961 an additional \$6.5 billion. In addition to the moneys so available out of appropriations made by the Congress before fiscal year 1961, Congress appropriated for foreign aid purposes during the fiscal year 1961 \$4.1 billion. It thus appears that during the postwar period beginning July 1, 1945, and ending on June 30, 1961, Congress made appropriations totaling \$96.5 billion for foreign aid purposes.

At the time this period began, namely, on July 1, 1945, the national debt of the United States amounted to \$259 billion. At the end of this period, namely, on June 30, 1961, the national debt of the United States amounted to \$289 billion.

In other words, during the period in which Congress has been making appropriations for postwar foreign aid to the amount of \$96.5 billion, the national debt of the United States has increased \$30 billion. Sixteen full fiscal years have passed since our postwar foreign aid began. In 10 of those fiscal years, namely, 1946, 1949, 1950, 1952, 1953, 1954, 1955, 1958, 1959, and 1961, the United States failed to balance its budget and operated in the red. It is now estimated by competent authorities that the hole in our Treasury will be deepened by at least \$5.29 billion during the fiscal year which began on July 1, 1961.

In the light of those facts how can Uncle Sam reach the strange conclusion that he is qualified to tell his Latin American neighbors that they ought to reform their systems of taxation and otherwise set their financial households in order?

One thing is certain. Our Latin American friends will never do this if they pay more heed to Uncle Sam's example than they do to his precepts.

One of my misgivings concerning the fate of the proposed program, that is, the program proposed by the bill, insofar as Latin America is concerned, arises out of my conviction that example is always more efficacious than precept, and that the best way to set an example is for the self-appointed judge to do himself what he urges others to do.

The record of the fiscal activities of the Federal Government since the beginning of postwar foreign aid reveals a fact which is well nigh incredible. It is this: As a practical matter, the United States has actually borrowed a substantial part of the money which the administrators of postwar foreign aid programs have been scattering abroad among some 97 of the 110 nations of this earth.

Moreover, the United States has persisted in this well-nigh unbelievable course of action notwithstanding the fact that its national debt is reputed to be greater by far than the combined national debts of all of the other nations of the earth.

Since there is nothing to indicate the contrary, one is sometimes tempted to

adopt the pessimistic conclusion that the congressional majorities which sanction such follies are willing to leave the resulting deficits as legacies to our children and our children's children.

Be this as it may, no intelligent and truthful person will gainsay the proposition that it is sheer stupidity for either a government or an individual to persist in borrowing money for the purpose of giving it away. There is certainly no surer way in which the United States can bring to pass the communistic prophecy that the United States will ultimately destroy itself by spending itself into bankruptcy.

If an individual were to persist in borrowing money for the purpose of giving it away, his family and friends would institute an inquisition in lunacy, and procure the appointment of a guardian to manage his affairs. If an individual were to undertake to give away his property instead of paying his debts, the law would stay his hand and compel him to be just rather than generous. It is high time that Congress should exercise some commonsense and put similar restraints on the Federal Government.

The validity of the objection that it is sheer stupidity for the Federal Government to borrow money for the purpose of giving it away is not affected by the assertion of the proponents of the pending bill that "the heart of the new legislation is the provision for long-term financing of the loan program, with authority for the Executive to borrow from the Treasury \$1,187 million in fiscal year 1962 and up to \$1.9 billion in each of the next 4 fiscal years."

This is true because the pending bill authorizes the use of \$4.3 billion in fiscal year 1962, of which only \$1,187 million is included in the new loan provision. Since it will be operating in the red in fiscal year 1962, the Federal Government will, in essence, be compelled to borrow the \$1,187 million before it can lend it.

If Uncle Sam finds anything beguiling in the term "loan," his memory is certainly fickle. The United States made loans to other nations during the First World War, and a substantial part of those loans, namely \$18.5 billion, is still unpaid. When he gently hinted a few short years ago that he would be pleased to receive payments upon these loans, Uncle Sam found himself berated by the borrowers as Uncle Shylock. Surely Uncle Sam has not so soon forgotten that Polonius was a wise man and not a fool when he said to Laertes that "loan oft loses both itself and friend."

(At this point Mr. METCALF took the chair as Presiding Officer.)

Mr. ERVIN. Mr. President, we cannot measure the full impact of postwar foreign aid upon the finances of the United States merely by recounting the total amounts which have been devoted to foreign aid or the amounts by which the national debt has been increased. This is true because when Congress appropriates money for foreign aid to be scattered for all kinds of purposes among 97 of the 110 nations of this earth, it really disables itself to refuse the demands of any



group of Americans that it appropriate other moneys demanded by them for like purposes of a domestic nature. Congress can not be expected to refuse to do for the home folks what it has done for people in lands beyond the seas.

Foreign aid does not strengthen the military position of the United States. On the contrary, it impairs the buildup of our Armed Forces, on which the survival of the United States and the free world may depend.

I have been privileged to serve on the Senate Armed Services Committee under the chairmanship of my friend, the able and distinguished Senator from Georgia [Mr. RUSSELL], since about January 1955.

During this time I have heard the civilian Secretaries and our military leaders when they have come before the committee to present their requests for authorizations for national defense purposes. I have heard such men as General Ridgway, General Gavin, and General Taylor urge the committee to report a bill authorizing appropriations in excess of those asked by the civilian authorities, on the ground that the appropriations requested by the civilian authorities have been inadequate to maintain our ground forces at proper levels, and to equip our ground forces with modern weapons. The civilian authorities have always said on these occasions that the committee ought not to take any such action, because it was essential to keep the United States financially sound and the action urged by the military men was beyond the financial capacity of the United States.

As a member of the committee, I have shared the opinion of other members that the airlift of the United States was insufficient to transport our Armed Forces in adequate numbers to troubled spots. I have shared the opinion of other members of the committee that common prudence required the United States to proceed with the program to build B-70 bombers. On at least one occasion, I remember that one of the civilian Secretaries said we could not go ahead with the B-70 bomber program because it was necessary for us to develop intercontinental ballistic missiles, and that the financial resources of the United States would not permit this country to go ahead with both programs.

I remember one occasion when the civilian Secretary of the Air Force and General White, the representative of the Air Force on the Joint Chiefs of Staff, engaged in a debate on this point before the committee. On that occasion, General White stated that it was necessary for us to have the B-70 bomber as well as intercontinental ballistic missiles because of certain differences between a B-70 bomber and such missiles. The first was that a missile is relatively stationary and is, therefore, vulnerable to enemy attack, whereas a B-70 bomber could be moved from place to place or put in flight. General White also stated that a missile can be fired at only one target, and that when it is once fired it is gone forever, whereas a B-70 bomber, flying at supersonic speed, at an ex-

tremely high altitude, could carry either conventional or nuclear bombs and attack several targets on one trip, and make further attacks, in the event it escaped destruction.

Despite the insistence of General White and other Air Force men, like General Le May, and despite the insistence of many members of the Committee on Armed Services, we do not yet have a B-70 bomber. As a member of the committee, I have joined with other members of the committee in urging all speed ahead in the development of the Nike-Zeus or some other antimissile missile. I have done this because I have recognized that the only possible defense against a hostile intercontinental ballistic missile is an antimissile missile, which will hit the hostile missile while it is in flight and thus prevent it from landing on our territory.

Every time members of the Committee on Armed Services have insisted that these things should be done, the response of the civilians in charge of the Department of Defense has been that the United States did not have the financial resources to provide us with adequate ground forces, to modernize the weapons of the ground forces, to provide an adequate airlift, to implement a B-70 program in a reasonable manner, or to embark full speed ahead on the development and production of an antimissile missile.

Instead of maintaining adequate ground forces and obtaining essential weapons, the United States has been devoting its financial resources to foreign aid. I have not favored this course of action, because I agree with I Timothy, chapter 5, verse 8:

If any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel.

The inevitable conclusion which must be drawn from the action of the United States in expending its moneys for foreign aid, while refusing to equip itself with adequate ground forces and essential weapons, is that the foreign aid program has actually prevented the United States from building up the Armed Forces and acquiring the weapons which might be absolutely essential for the survival of the United States and the free world.

Mr. President, I assert that the foreign aid program does not strengthen the international position of the United States.

This is true for three reasons. First, it presents the United States to the world as a bewildered Nation, which labors under the delusion that it can buy friends and purchase peace with dollars. Second, it presents the United States to the world as a busybody which intermeddles in the internal affairs of other nations. Third, it operates as an inadequate substitute for wise diplomacy and sound foreign policy.

Let me address myself for a moment to the first of these reasons; namely, why the foreign aid program does not strengthen the international position of the United States. There is a Latin proverb:

Small gifts make friends; great ones make enemies.

Our own philosopher, Ralph Waldo Emerson, said:

We do not quite forgive a giver. The hand that feeds us is in some danger of being bitten.

I have referred previously to the study which the committee headed by former Secretary of Commerce Charles Sawyer made of the Marshall plan. In 1956, Charles Sawyer made a statement on foreign aid which sets forth in the most succinct language possible the fundamental defect inevitable in the foreign aid program, namely:

Neither individuals nor nations are made friendly or even grateful by handouts. Those who are given money soon think it is owed to them.

Mr. President, am I in error in suggesting that the foreign aid program has presented the United States to the world as a bewildered Nation suffering under the delusion that it can buy friends and purchase peace? Let us consider for a moment the evidence which I say sustains this assertion. We have been told times without number that the justification for the foreign aid program lies in the fact that it strengthens the free world and enables it to stand against communism. While we have heard this said in loud terms, we have witnessed at the same time the incredible act of those in charge of the administration of this program giving more than \$1 billion to a Communist dictator, Marshal Tito, of Yugoslavia, to aid him in building up one of the most powerful armies in Europe.

Those in charge of this program were too bashful to ask Marshal Tito whether he was on our side or on the side of our potential enemies. But they had the statements of Marshal Tito, himself, to the effect that he would not be separated from Russia.

While the profession is made that the foreign aid program has strengthened the free world, we have seen those in charge of administering it give foreign aid to a country behind the Iron Curtain, notwithstanding the fact that such foreign aid had to be administered through the agency of the Communist government of that country; and a comparatively few weeks ago the Senate passed an amendment to the Battle Act—over my opposition—providing that, hereafter, foreign aid can be extended to all of the countries behind the Iron Curtain, except Russia and Red China.

According to my way of thinking, this aid, which necessarily has to be administered through the Communist governments of these countries, does not strengthen the free world and does not hold any promise of freedom to the people who are subjected to the rule of these Communist governments. The only reasonable deduction one can draw from aid of this nature is that, since it is administered through the agencies of the Communist governments, it merely serves to fasten the chains of communism more securely on the unfortunate peoples of these countries.

Nations which have seen the United States enact the role of a bewildered



nation suffering from the delusion that it can buy friends and purchase peace with dollars have not hesitated to take advantage of our bewilderment. One of the countries which has been most loyal to the Western World has even succumbed to this temptation during recent days. I hold in my hand a clipping from the Washington Post for July 27, of this year. The clipping bears the heading "Quadros Criticizes West's Aid in Warm Note to Khrushchev."

The article recounts how the President of Brazil, who has witnessed the fact that the United States is more ready to give foreign aid in large quantities to those who cast a glance toward Moscow than it is to those who are who consistently stand on the side of the free world, decided that he would invite the United States in a very precedented way to give his country more aid. So we find that the President of Brazil wrote to Khrushchev what is designated as "a warm personal letter" in which he complained to Khrushchev that the United States is not giving Brazil a sufficient amount of foreign aid. The article quotes from the letter, as follows:

Brazil up to now has received aid but never on the levels and in the proportions that it really needs for its development.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 27, 1961]

QUADROS CRITICIZES WEST'S AID IN WARM NOTE TO KHRUSHCHEV

(By Edward T. Butler)

RIO DE JANEIRO, July 26.—President Janio Quadros was reported today to have written a warm personal letter to Soviet Premier Nikita S. Khrushchev containing veiled criticism of the aid Brazil has received from the West.

The letter was said to have been handed to a Soviet good will mission that left here yesterday. Reports from the capital of Brasilia said the letter would not be disclosed here until confirmation had been received of its delivery in Moscow.

Quadros—who has broken a Brazilian tradition of virtually complete cooperation with the United States in international affairs—announced yesterday he has ordered steps taken to renew diplomatic relations with Kremlin.

#### BRAZILIANS APPEAR TO ACCEPT

Criticism came from some congressional circles in Brasilia but at first glance Brazilians seemed to be accepting the presidential order as realistic press opinion was divided.

Many Congressmen, mostly from leftist parties, have plugged for relations with Moscow for a long time and a concession on this could quiet them on explosive domestic issues.

To some here Quadros seemed to have gone out of his way to give a warm reception to the Soviet "good-will mission" that arrived here last week. He gave Southern Cross medals to nine mission members and talked with them for nearly 2 hours while they puffed on cigars sent—as Quadros put it—from "a good friend—Fidel Castro."

The reliable newspaper O Estado de São Paulo reported from Brasilia that Quadros then sat down and wrote a letter to Khrushchev.

#### LETTER EXTREMELY WARM

The newspaper said those who had seen copies of the letter reported that its "tone is personal and extremely warm."

"According to these people," the newspaper said, "the President directed a veiled criticism toward the Western powers, affirming that 'Brazil up to now has received aid but never on the levels and in the proportions that it really needs for its development.'"

#### SEEKS MOSCOW INVITATION

The letter would be an answer from Quadros to a long and flattering one Khrushchev sent with the Soviet mission. Praising Quadros' independence, Khrushchev hailed what he called Quadros' denunciations of colonialism and imperialism.

"We have something to offer and much to receive," the paper quotes Quadros as replying, and said he expressed a desire to visit the Soviet Union.

[The Brazilian Foreign Ministry said today Soviet Astronaut Maj. Yuri Gagarin will visit Brazil sometime between Friday and Monday, Reuters reported. A message from Havana, where the spaceman is now visiting, gave no indication whether he would visit other South American States. Quadros has not yet issued a formal invitation to Gagarin but he has told the Ministry that he should be considered an official Government guest during his visit.]

Mr. ERVIN. Mr. President, is it any wonder that foreign aid presents the United States to the world as a bewildered nation vainly seeking to buy friends and purchase peace? The world sees the United States scattering the patrimony of its people abroad among friends, neutralists, and the satellites of its potential foes alike—all on the theory that by so doing it strengthens itself and the free world against communism.

Mr. President, let us consider the argument that foreign aid has presented the United States to the world as a busybody intermeddling in the affairs of other nations.

We have necessarily had to administer our foreign-aid programs through the agencies of other governments. In many cases we have collaborated with dictatorial governments and with governments which were extremely unpopular among their own people. As a consequence, we have been identified by the people of many nations as being an aider and abettor of their dictatorial or unpopular governments; and, as a result, we have earned the hatred of many of the peoples of the earth.

Such reaction of the people to foreign aid ought to have been foreseen, for all too often it has been given for the purpose of perpetrating the status quo.

Let us consider for a moment what is likely to be the probable result of the program that is to be created for Latin America. When that program is stated in its simplest language, it comes to this: The United States is going to say to the people of Latin America. "We do not like your tax systems. We do not like your habitations. We do not like your ways. We will give you financial aid if you will change your tax systems and construct your habitations and alter your ways in manners of which we approve." That is this program in essence.

Mr. President, I do not claim to be an expert in international affairs. But if I

were to undertake to do so, I do not believe I could devise a program less likely to make friends and influence people in other nations.

We have had a program of this nature in effect in one of the Central American countries—Guatemala—since 1954. I wish to read some excerpts from an article on this subject which appeared in the Washington Post for July 30.

It was written by Edwin A. Lahey. I read this passage:

The American taxpayer is in the third, and perhaps costliest, phase of his career as financial savior of the free world.

The first phase was the Marshall plan, which helped the industrial societies of Western Europe put the pieces back together after World War II.

The second phase, starting with Korea, was the mutual security and military assistance programs, which were riddled with waste and corruption, especially in the Far East.

Now comes the "alliance for progress" phase, in which the American taxpayer becomes his brother's keeper to Latin America—200 million Latin Americans.

I skip portions of this article and read the following:

When the door-to-door Communist salesman comes around in Latin America, we want the little man to be contented enough to say he doesn't want any.

At this time, it seems like a good idea to take a look at Guatemala, where we have had a small-sized "alliance for progress" in operation since 1954. After helping to overthrow the Communist-tinged government of Jacobo Arbenz in that year, the United States began an intensive program to improve the lives of the Guatemalans.

About \$130 million has gone into this project.

I skip other passages and read the following from this article:

The architects of President Kennedy's "alliance for progress" say that if we dangle the bait of more billions in aid before the oligarchic societies of Latin America, they will enact tax and other reforms needed to bring themselves into the second half of the 20th century.

The theory is that the propertied classes of Latin America, thoroughly frightened by the wave of Castroism, will give a little now rather than lose it all later to the Communists. The theory simply hasn't worked in Guatemala.

The owner of a Guatemalan coffee plantation with an assessed valuation of \$100,000 pays a real estate tax of \$300 a year—and that is only part of the picture. According to competent authority here, there are vast coffee estates paying the \$3 per \$1,000 tax rate on assessed valuations that were computed 150 years ago.

Actually, this is Guatemala's own business. But since the United States helped overthrow the Communists here 7 years ago, the successor governments have informally promised to enact tax reforms so that the propertied class would share more of the burden of the aid program.

These promises have not been redeemed despite many apparently well-intentioned gestures.

In July of 1955, on the first anniversary of the liberation from communism, the late President Carlos Castillo Armas said privately that Guatemala would enact its first income tax law in a matter of months. When Castillo Armas was assassinated in 1957, he still dreamed wistfully of taxing the middle and upper classes.

President Ydigoras has also urged Congress to adopt income tax legislation, but without success. A cynical Guatemalan says:



"The deputies in Congress are lawyers, professional men and friends of the propertied classes. They are not about to start taxing themselves."

I ask unanimous consent that the entire article, entitled "Guatemala Offers Preview of Latin Aid Plan," which appeared in the Washington Post on the date stated, be printed in the body of the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### GUATEMALA OFFERS PREVIEW OF LATIN AID PLAN

(By Edwin A. Lahey)

GUATEMALA CITY.—The American taxpayer is in the third, and perhaps costliest, phase of his career as financial savior of the free world.

The first phase was the Marshall plan, which helped the industrial societies of Western Europe put the pieces back together after World War II.

The second phase, starting with Korea, was the mutual security and military assistance programs, which were riddled with waste and corruption, especially in the Far East.

Now comes the "alliance for progress" phase, in which the American taxpayer becomes his brother's keeper to Latin America—200 million Latin Americans.

Love is supposed to be the primary motivation of the alliance, which the Kennedy administration hopes to get rolling at an inter-American conference opening Saturday at Punta del Este, Uruguay. Actually, the principal motivation is fear of Castroism.

When the door-to-door Communist salesman comes around in Latin America, we want the little man to be contented enough to say he doesn't want any.

At this time, it seems like a good idea to take a look at Guatemala, where we have had a small-sized "alliance for progress" in operation since 1954. After helping to overthrow the Communist-tinged government of Jacobo Arbenz in that year, the United States began an intensive program to improve the lives of the Guatemalans.

About \$130 million has gone into this project. The American taxpayer can find some things in it about which he can be proud. He can find other things to depress him, to make him ponder the narcotic aspects of foreign aid.

Seventy-two percent of the people of Guatemala were illiterate in 1954. Since the liberation, the Government has built 145 schools with 949 classrooms at a cost of \$5,037,160. The United States assumed \$2,546,273 of this burden.

Today, 72 percent of the people are still illiterate.

"There's a population explosion, and the money put into schools was simply not enough to have an impact," says an American aid official.

#### COLORFUL SOLIDARITY

Nevertheless, the United States has won affection and good will from the people through its assistance in public education. When a new school is dedicated, U.S. Ambassador John J. Muccio and President Miguel Ydigoras Fuentes both appear; the Guatemalan and United States flags are run up; the village band plays the national anthems of both countries, and a real spirit of friendship prevails.

Inspiring as this joint effort may be, Guatemalans were building their own schools in fairly good number without foreign aid when their governments were left-wing and anti-American.

Between 1945 and 1954, Guatemala erected 147 schools with 564 classrooms at a cost

of \$6,214,000. The leftwing governments apparently did some good stealing in the process, however, since their average room cost was \$11,000, nearly twice the cost since the liberation.

#### JUNGLE PUSHED BACK

In land reform, an urgent social need here and elsewhere in Latin America, the Guatemalan Government has made a modest start in 7 years. About 4,000 families have been settled on farms averaging 50 acres each.

They have 10 years to pay for them, under beneficent credit conditions. This program has cost \$18,990,000 to date, of which the United States has paid \$8,212,000.

There are more than 40,000 applications for farms on file, and the total number of landless people desiring farms is about 500,000.

Only government-owned land has been used in the resettlement program, and large tracts of jungle had to be cleared. One Guatemalan official has complained bitterly about the bureaucratic redtape that has hampered the clearing job.

This man said that a sawmill and hundreds of thousands of dollars' worth of U.S. land-clearing machinery lay idle for months at Nuevo Concepcion and La Maquina when they were needed desperately for another project in a distant part of the republic.

U.S. aid mission officials said that the delays were unavoidable. The machinery at La Maquina was being repaired after use in jungle clearance work. The sawmill, which had fulfilled its function at Nuevo Concepcion, presented a difficult problem of dismantling and shipment.

#### CARPING OVER ROADS

The biggest U.S. aid package to Guatemala was \$57 million for highway construction. (Guatemala matched this.) While it's hard to argue with an improvement like highways, there are many niggling criticisms of this program.

Several Guatemalans complained that the road projects benefited American contractors and road machinery dealers. Others grumble that with the work now completed, the thousands who drew cash wages on the roads are aggravating the problem of unemployment again.

The most valid criticism, verified by different sources, is directed at the Guatemalan Government for its failure to maintain the highways.

There are many projects in the Guatemalan aid program to which only a hard-hearted American taxpayer would take exception. There is a self-help housing program, to which the United States has contributed \$3,834,000. There are also malaria eradication, potable water supply and other programs which have had the most grateful comments from Guatemalans and others.

#### THEORY PROVES HOLLOW

The architects of President Kennedy's "alliance for progress" say that if we dangle the bait of more billions in aid before the oligarchic societies of Latin America, they will enact tax and other reforms needed to bring themselves into the second half of the 20th century.

The theory is that the propertied classes of Latin America, thoroughly frightened by the wave of Castroism, will give a little now rather than lose it all later to the Communists. The theory simply hasn't worked in Guatemala.

The owner of a Guatemalan coffee plantation with an assessed valuation of \$100,000 pays a real estate tax of \$300 a year—and that is only part of the picture. According to competent authority here, there are vast coffee estates paying the \$3 per \$1,000 tax rate on assessed valuations that were computed 150 years ago.

Actually, this is Guatemala's own business. But since the United States helped

overthrow the Communists here 7 years ago, the successor governments have informally promised to enact tax reforms so that the propertied class would share more of the burden of the aid program.

These promises have not been redeemed despite many apparently well-intentioned gestures.

In July of 1955, on the first anniversary of the liberation from communism, the late President Carlos Castillo Armas said privately that Guatemala would enact its first income tax law in a matter of months. When Castillo Armas was assassinated in 1957, he still dreamed wistfully of taxing the middle and upper classes.

President Ydigoras has also urged Congress to adopt income tax legislation, but without success. A cynical Guatemalan says:

"The deputies in Congress are lawyers, professional men and friends of the propertied classes. They are not about to start taxing themselves."

President Ydigoras many months ago asked Congress to increase the land tax from \$3 to \$6 per \$1,000. Congress adjusted this to \$5 per \$1,000 and gave the bill a first and second reading. But it cannot become law until its third reading, and it is in a cubby-hole awaiting this.

Serious attempts have been made by Manuel Benfelt, the Minister of the Treasury, to rationalize the system of assessing land for tax purposes. There is a difference of opinion as to his success. Some Americans say that valuations are being corrected. Others express doubt.

One official points out that Benfelt tried to force the banks to limit loans to the amount of phony land valuations but ran into legal opinions that he had no right to do this.

Wages of \$1 a day or less are commonplace in Guatemala. But not at the National Palace, President Ydigoras gets \$144,000 a year, half as salary, half for expenses.

The \$72,000 salary is clear take-home, since there is no income tax in Guatemala. Thus the President of this tiny republic does better than the President of the United States, who gets \$100,000 salary and \$50,000 expenses but who has to see the income tax man afterward.

President Ydigoras also has a "confidential" fund of approximately \$775,000 a year. Apparently much of this fund is used in private charity. This is pretty obvious from the horde of people who wait to see Ydigoras to put the bite on him for funeral expenses or to spring some member of the family from the hospital.

The United States aid money is carefully channeled into approved projects and never goes directly to pay Guatemalan government salaries. However, U.S. officials here concede ruefully that the dollar infusion into the Guatemalan budget has given Guatemalan politicians elbow room to play with their own public revenue.

In this connection, it is generally accepted as fact that some friends of President Ydigoras have enjoyed self-enrichment through government contracts. American officials admit that the talk is probably true. One of them said, in a sad commentary on public morality, "The corruption is probably no worse than elsewhere in Latin America."

What do the people here think of the aid program? Begin with the President, interviewed in his green National Palace, one of the most exquisite public buildings in the world.

"Your aid program is very good, very well organized," he says, "but it's too small and too slow. Our future is the color of that telephone (black). We are going backward economically."

"Has our program been worth while?" you ask.



"This is the only place in Latin America where the United States won a victory over communism," the President says. "A victory like that has value that cannot be expressed in terms of money."

Clemente Maroquin Rojas, former Minister of Agriculture and now editor of the newspaper *La Hora*, is bitter.

"I have always felt that American aid does more harm than good," he says. "The loans and grants have served only to demoralize us, have given us unnecessary machinery."

"In the offices of the United States here, there is no resolve to solve social problems. On the contrary, the gifts have only increased the hate toward North Americans."

"In my opinion, the workers have not got more than one third of the \$130 million that you have spent."

To any observer, this last comment is a palpable distortion. But Clemente's voice is widely heard in Guatemala.

Dr. Marino Lopez Herrarte, the Minister of Health, who was educated at Yale, is forthright in his opinion:

"I am more pro-American than Teddy Roosevelt, but the U.S. aid program has been too full of frustrations for me. They send dollars down to repair machinery, but I have a hard time to get dollars to keep human machinery in repair."

Manlio Sesenna, young manager of the Guatemala branch of the Bank of America, says: "Mistakes probably have been made, but on the whole, it has been a good program, particularly the highway building projects."

Keith Himebaugh, director of the U.S. aid mission here, says that "without this program, Guatemala would not have had school construction, land settlement, agricultural credit and low-cost housing and would have had little safe water."

Alex Ward, the controller of the mission, who keeps a jealous watch over every United States dollar spent here, is more aggressive than Himebaugh.

"Of course there have been mistakes," he says. "But this has been a good program. We've got our money's worth. There have been internal audits, independent audits, Comptroller General audits, and the books have always been clean as a pin."

An American official not in a position to be quoted by name said:

"We've got our money's worth. It's been a good program, even if maybe we have only helped the Guatemalans to stand still."

Another official was more optimistic:

"I don't agree that the Guatemalans have been standing still. We definitely have improved their lot and fortified our friendship with the aid program."

The professional leftwing student will tell you that Ydigoras is the lackey of Yankee imperialism and that the downtrodden people will turn against him. These downtrodden people in Guatemala, however, would like you if you came here and left the \$130 million at home. Their gentle nature makes speculation about this little republic difficult.

Mr. ERVIN. The program in Guatemala is certainly subject to the complaint that it is hardly fair to the American taxpayers who support it. While the owners of the coffee plantations in Guatemala pay no income tax whatever and pay only 30 cents on each \$100 value of their plantations, the American taxpayers who support the program pay an average tax of about \$2.25 on each \$100 value of their property, and from 20 to 91 percent of their net incomes as Federal income taxes. Moreover, most of them pay substantial amounts in State income taxes.

Mr. President, to me the most appalling result of our foreign aid program

has been its effect upon those who are charged with the responsibility for our diplomacy and our foreign policy. Those individuals have recognized that something ought to be done, but instead of engaging in constructive thinking, they have accepted the foreign aid program as a substitute for wise diplomacy and sound foreign policy.

This thought is not original with me, although I had entertained it for a long time before I ran across a statement on the subject made by former Secretary of Commerce Charles Sawyer in 1956. At that time Mr. Sawyer pointed out the disastrous consequences of the State Department's accepting the principle of foreign aid as a substitute for wise diplomacy and sound foreign policy.

This is what he said:

It [meaning foreign aid] is wrong because it relieves the State Department from the work—the drudgery, if you will—the thinking and planning required to outmaneuver the opposition. It reduces the need for the shrewdness, the persistence, the imagination, the initiative, and the courage required in skillful diplomacy. With the world's problems so difficult and varied and the solutions so hard to find, it is wonderful to be able to hit upon so simple and easy a way out—give away more money. This may well be the area in which the aid program is rendering its greatest disservice.

This brings us to this question: How can the United States strengthen itself economically, militarily, and internationally?

It is impossible to overstate the crucial character of this question. The very survival of America and the free world may turn upon the answer which those entrusted with authority in our land give to it.

If it is to be strengthened economically, the United States must forsake the fiscal follies of recent years. By this it is meant that the President and the Congress must abandon the fallacious notion that it is either constitutional or sensible for the United States to enact the role of international Santa Claus and scatter the patrimony of our people as foreign aid among 97 of the 110 nations of this earth; that Congress must cease appropriating more money than the Federal tax gatherers collect; and that the Federal Government must make an honest effort to balance its budget and reduce the national debt.

If it is to be strengthened militarily, the United States must close the gap in its existing defenses, and develop new weapons to meet all foreseeable contingencies. Moreover, it would be well for the United States to augment its defenses and those of the free world by substituting for our present foreign-aid program a sound and sensible program under which we would provide necessary aid for nations which have obligated themselves to stand beside the United States in any Armageddon with our potential enemies.

Before undertaking to answer the question as to how the United States can strengthen itself internationally, I shall indulge in the observation that some good people aid and abet the Kremlin's plans to frighten humanity into surrender by emphasizing the horror of

nuclear war and ignoring another horror of even greater magnitude. As a great commentator, the late Elmer Davis, said:

Atomic warfare is bad enough; biological warfare would be worse; but there is something that is worse than either. It is subjection to an alien oppressor.

If it is to be strengthened internationally, the United States must make it manifest to all mankind—to our friends, our political enemies, and neutralists alike—that Americans are ready and willing to die for freedom, cost what it may in treasure and blood.

In 1914 the mighty armies of the Kaiser threatened an ill-prepared England with subjugation. In that dark hour, one of England's wisest men and most eloquent poets, Rudyard Kipling, wrote a poem which electrified Englishmen everywhere and which gives the only prescription by which free men can retain their freedom. I shall recite the first and last verses of that poem:

For all we have and are,  
For all our children's fate,  
Stand up and take the war.  
The Hun is at the gate!

Our world has passed away,  
In wantonness o'erthrown,  
There is nothing left today  
But steel and fire and stone!

Though all we knew depart,  
The old commandments stand—  
"In courage keep your heart,  
In strength lift up your hand."

No easy hopes or lies  
Shall bring us to our goal,  
But iron sacrifice  
Of body, will, and soul.

There is but one task for all—  
One life for each to give.  
What stands if Freedom fall?  
Who dies if England live?

Let Americans lay aside the delusion that they can buy friends or purchase peace with dollars. Let Americans realize there are no easy hopes or lies which will bring us to our goal of national security. Let Americans keep their hearts in courage and lift up their hands in strength. If Americans will do this, our country can meet successfully the challenge of these perilous days. There is, indeed, no other way in which that challenge can be met.

I thank the Senator from Wisconsin for yielding.

#### REFUND OF \$559,000 BY THOMPSON RAMO WOOLDRIDGE

Mr. PROUTY. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIER. First, I promised I would yield to the Senator from South Dakota [Mr. CASE].

Mr. President, I ask unanimous consent that I may yield to the Senator from South Dakota without losing my right to the floor.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. CASE of South Dakota. Mr. President, recently there appeared an



Associated Press dispatch, printed throughout the country, with respect to a refund of \$559,000 by Thompson Ramo Wooldridge, Inc., a contractor, with respect to pricing of some screws. The General Accounting Office reported that a \$1 estimated price had been based upon a recent purchase, but the contractor actually purchased the required number for about 5½ cents each.

At the time I saw the news dispatch, though I applauded the activity to the Air Force in seeking recovery of \$559,000, I wished to determine whether the matter would have been eligible for renegotiation under the Price Adjustment Act. I wrote to Mr. Zuckert, the Secretary of the Air Force, on that point, and asked him for a review of the problem. I have received a letter from Secretary Zuckert, which I ask unanimous consent to have printed in the RECORD, together with an Associated Press dispatch, a Department of Defense statement for the Bureau of the Budget, and a review of the matter as concluded by the General Accounting Office.

There being no objection, the letter, article, and statements were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,  
Washington, D.C., July 28, 1961.

HON. FRANCIS CASE,  
U.S. Senate.

DEAR SENATOR CASE: Reference is made to your recent letter concerning certain contract negotiations between the Air Force and Thompson Ramo-Wooldridge, Inc.

It is our understanding that Thompson Ramo-Wooldridge, Inc., contended that, since the contract involved was a firm fixed price type, there was no legal obligation to make any refund. In addition, they maintained that the circumstances did not support a moral obligation to make an adjustment. The Air Force, of course, insisted that the company's position was wrong and did obtain the refund to which you refer.

Enclosed is a copy of the Department of Defense statement for the Bureau of the Budget concerning this particular contract. This contract was subject to the renegotiation statutes and has been included by the contractor in its filings of renegotiable business with the Renegotiation Board.

Your interest in Air Force matters is appreciated and I hope the above information will be useful.

Sincerely,

EUGENE M. ZUCKERT,  
Secretary of the Air Force.

#### REFUND OF \$559,000 SENT BACK TO AIR FORCE

The Air Force has received a \$559,000 refund on a contract in which screws costing 5½ cents were marked up to \$1. House investigators have been told.

But the contractor, Thompson Ramo-Wooldridge, Inc., took the position in correspondence with the Navy that it had no legal nor moral obligation to make a refund under its fixed-price contract for repair kits.

The Cleveland (Ohio) firm said the General Accounting Office, which reported after an investigation that the price of the special screws was excessive, had selected a few items out of thousands. GAO did not take into account that the company's over-all profit was moderate, the contractor said.

Chairman Hébert, Democrat of Louisiana, of the House Armed Services Investigations Subcommittee which is looking into defense buying, described one letter from a Thompson Ramo-Wooldridge executive as "one of the most audacious I ever read." He said the company was saying in effect that "if

the searching light of publicity hadn't been used, we wouldn't pay off."

The GAO reported the \$1 price apparently was based on a recent purchase by the company of screws under emergency conditions. But it said that before the negotiations with the Air Force were complete, the contractor had actually purchased about half the required number of screws for 5½ cents each. Both the Air Force and the contractor's employees should have been more diligent in catching an obvious discrepancy, the GAO report said.

#### DOD STATEMENT FOR THE BUREAU OF THE BUDGET, FEBRUARY 17, 1961 (PURSUANT TO DOD CIRCULAR A-50, APRIL 1, 1959)

##### THE PROBLEM

General Accounting Office Report No. B-133307 covers an examination of the pricing of fuel booster pump repair kits under Department of the Air Force negotiated contract AF 01(601)-20268 with Thompson Ramo-Wooldridge, Inc., Cleveland, Ohio.

The substance of the allegation contained in the General Accounting Office report is as follows:

The examination shows that the price paid under referenced contract was excessive by about \$565,600 because one component of the fuel pump repair kits consisting of 272,710 new-type fillister head screws was included in the price of the kits at a base standard cost of \$1 each whereas the actual cost of this component to the contractor turned out to be \$0.055 each. The General Accounting Office maintains that the standard cost set by the contractor for this component was not realistic, because (i) while the component had in fact been previously purchased at \$1 each, the purchase was of a special nature, for only 116 fillister head screws and required air delivery within 4 days to the contractor's Cleveland, Ohio, plant, and (ii) the standard did not take into consideration quantity purchasing nor comparative cost standards based on similar components with adjustment for physical variance in the new component.

##### RECOMMENDATIONS BY GAO

1. That every effort be made to obtain an appropriate price adjustment.
2. That the Secretary of Defense direct personnel of the military services to perform a closer analysis of proposed prices which are based on standard costs and application of variance factors to assure that the resultant cost to the Government is reasonable.

##### STATEMENT

The allegation made by the General Accounting Office with respect to the excessive amount included in the contract price for the fillister head screw is correct. As noted in the report, the contractor had actually incurred a cost of \$1 each for the fillister head screws under an initial purchase for the Air Force. However, this figure should not have been used as the basis for establishing a standard cost for the item in view of the unusual circumstances under which the initial purchase was made. Also the standard was established without benefit of comparison with similar components being purchased at a fraction of the standard cost set for the new component and without benefit of providing graduated or sliding scale standards for quantity purchases or production.

After exhaustive consideration by the contractor at the highest level and by the Office of the Assistant Secretary of the Air Force, the contractor has offered and the Air Force has agreed to accept a voluntary refund of \$559,204.46. This refund takes into consideration the overpricing of \$565,600 under contract AF 01(601)-20268, and four additional items under contracts AF 34(601)-4833 and AF 01(601)-24058, which involved

\$176,849.46. The pricing circumstances involved in the four items under the latter two contracts were considered to partake of at least some of the characteristics of the screw case. The contractor would agree to no larger refund and has agreed to this settlement with great reluctance. It is the view of the Assistant Secretary of the Air Force (Materiel), concurred in by this office, that this is the best adjustment obtainable.

The Air Force and the contractor are presently endeavoring to establish an improved system of spare parts pricing intended to result in prices which are fair and equitable to both parties. Furthermore, Air Force procurement personnel have been directed to accomplish a more intensive review of all pricing actions conducted with this contractor.

With respect to contractors generally, increasing emphasis has been placed on surveys of contractors' accounting and estimating systems in order to assure the effectiveness of these systems in producing price proposals that reasonably reflect the contractors' latest and most complete cost and price experience. Intensive efforts are being made to bring about the correction of deficiencies revealed by these surveys. This is clearly a task of major magnitude and indefinite duration. Following approval of a contractor's system, surveillance must continue to be maintained using test checks, audits and other means to insure the continued effectiveness and dependability of the contractor's accounting system and estimating practices.

With specific reference to contractors' use of standard cost for estimating purposes, this subject is covered in section 4-1.400 of the Contract Audit Manual. The increased use of prenegotiation audits in accordance with current procedures as set forth in ASPR 3-609 and in departmental directives has proven increasingly effective in alerting contracting personnel in inadequacies and questionable areas on contractors' estimating methods, including deficiencies in the use of standard costs. Present policy and procedures will continue to be reviewed (1) to insure that maximum effective guidance should be provided auditors and contracting personnel in connection with the analysis and evaluation of contractors' accounting systems and estimating practices.

Mr. CASE of South Dakota. The net effect of all this is to show that \$559,000 has been recovered; that the company apparently was reluctant to make the refund, but did agree to do so; and that the contract, in any event, was subject to the renegotiation statute.

I thank the Senator from Wisconsin for yielding.

#### FOREIGN AID PROGRAM

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. PROXMIER. Mr. President, I ask unanimous consent that I may yield to the junior Senator from Vermont without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. PROUTY. Mr. President, I understand that my distinguished senior colleague [Mr. AIKEN] is about to deliver a very important speech. I therefore would like to ask unanimous consent that I may suggest the absence of a quorum without the distinguished Senator from Wisconsin losing his right to the floor.



The PRESIDING OFFICER. Does the Senator from Wisconsin yield for that purpose?

Mr. PROXMIRE. I yield for that purpose, Mr. President, with the understanding expressed by the Senator from Vermont.

The PRESIDING OFFICER. Is there objection to the request? The Chair hears none, and it is so ordered.

Mr. AIKEN. Mr. President, does the understanding include the right of the senior Senator from Vermont to have the floor and to speak?

Mr. PROXMIRE. Mr. President, it is the request of the Senator from Wisconsin that the Senator from Wisconsin may yield to the junior Senator from Vermont [Mr. PROUTY] for the purpose of suggesting the absence of a quorum, and that the Senator from Wisconsin will not lose his right to the floor during the call of the roll, after which the senior Senator from Vermont [Mr. AIKEN] will speak for about 25 minutes, during which time the Senator from Wisconsin will retain his right to the floor, to speak thereafter.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. AIKEN. I thank the Senator from Wisconsin. I also thank my colleague from Vermont.

Mr. PROUTY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. AIKEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, what I have to say today does not involve the question of whether or not we should have a foreign aid program.

I believe foreign aid programs to be necessary and inevitable.

To my mind there are four principle purposes involved in foreign aid programs:

First. To relieve hunger and famine and to improve the health and social levels of much of the world's population.

Second. To insure the security of the United States against its enemies.

Third. To expand the world economy so as to promote opportunity and higher living standards for all people.

Fourth. To preserve political freedom wherever it exists today and to encourage government by the people in other areas where people would be free.

Never, Mr. President, should a foreign aid program be used as a vehicle for effecting changes in our own powers of Government.

The United States today is the greatest democracy in the world and any legislative proposal which would directly or inadvertently weaken our proud position should be rejected.

If we are to sell the principles of democracy abroad we must zealously protect these principles at home.

No one believes that any responsible high official would deliberately short-change our form of government.

There are times, however, when men in high positions get the idea that if they only had more power—more authority to put their plans into effect—they could do a much better job.

Now, where would they get more power?

The total authority to operate our democracy was wisely divided into three separate branches of Government.

Therefore, with all power already allocated to the legislative, executive, and judicial branches, the only way any one of them can get more power is by a transfer from one of the others.

In requesting the right to finance from the Treasury a program costing nearly \$9 billion without further processing by the legislative branch, the President is asking for such a transfer of power.

He can get such power only if the Congress is willing to give up its own constitutional responsibility.

Congress has in the past made several grants of borrowing authority to the President.

In nearly every instance, however, it has granted such authority only where it might reasonably be expected that the amount of money borrowed would be repaid in full as to principal and interest.

In other words, Congress has granted to the President the right to make sound profitable investments.

The Development Loan Fund can hardly be placed in this category.

I point out that on the front page of this morning's issue of the New York Times the headline appears, "Dillon Predicts Aid of \$20 Billion to Latin America—He Terms U.S. Alliance Plan a 10-Year Investment by Non-Communist World." Down in the body of the article the writer said:

The United States promised the participating countries long-term loans of up to 50 years "at very low or zero rates of interest."

A 50-year loan without interest cannot be called a sound investment.

The President requests Congress to give him authority to bet \$9 billion in the game of power politics, with no assurance that it will not be lost.

Although the loss of such a huge sum should not be regarded lightly, it is not the amount of money that may be lost that disturbs me most.

It is the continuing efforts to whittle away the powers of the legislative branch of Government that should cause us most concern.

Of all the officials of the executive department, only the President and Vice President are elected by the people.

All of the 537 Members of the Congress are elected by popular vote and only through them and the constitutional powers vested in Congress can the people control their Government.

It follows, therefore, that when Congress divests itself of its powers of appropriation, it is transferring a heritage which belongs not to the Members of Congress, but to the people of the United States.

I do not question that a government where power is concentrated in a few hands can work faster and perhaps operate more efficiently than a democracy.

This is being demonstrated vividly by certain other nations today.

The question posed for us is whether we wish for increased flexibility at the price we would have to pay.

So far as I am concerned, there is no price high enough to warrant the unbalancing of our framework of government.

Now, I would like to devote attention to the arguments of the executive branch intended to show why it would be advisable to divest the Congress of certain powers of appropriation and to invest those powers in the Presidency.

I shall show that such arguments are entirely specious and constitute primarily a grab for power which if successful would put the United States a step farther along the primrose path of misguided self-governments.

Item No. 1: The Administration claims that congressional control over foreign aid programs would not be abridged by S. 1983, and particularly the financing power.

THE FACTS: CONGRESSIONAL CONTROL OVER THE FOREIGN AID PROGRAM WOULD BE SERIOUSLY ABRIDGED BY S. 1983

The administration has argued extensively and Secretary of the Treasury Dillon has testified, that the fiscal arrangement of the proposed foreign aid bill would not mean any loss of legislative control over expenditures.

This argument, when broken down into its constituent parts, is completely specious and not in accord with the facts.

After the initial legislation, Congress would have little, if any, control over the expenditures in the foreign aid field during the next 5 years.

The administration claims that Congress, by establishing the original criteria for lending, would have the same control as if there were annual appropriations.

However, Congress would have no means of insuring that the original criteria which it laid down were being effectively carried out, and that the aid program was achieving the desired results, since the AID Agency, in its lending operations, would be financially independent of Congress for a period of 5 years.

Secretary Dillon testified on June 5, 1961, before the Senate Foreign Relations Committee, that specific congressional control over the lending program would be exercised in a number of ways such as (a) quarterly reports on lending operations which would be submitted to the Congress; (b) an annual presentation which would be made to the authorizing committees of the Congress covering all development lending operations.

The Secretary is apparently trying to tell us that information is the equivalent of control.

The measures he has stated are designed to give Congress a reasonable amount of pertinent information re-



garding the foreign aid program, but should Congress be dissatisfied with such reports, it could be of little practical account, short of repealing the AID Act, having already appropriated the funds for 5 years of AID Agency's operations.

Secretary Dillion further testified that:

An annual presentation would be made to the Appropriations Committees of the Congress in accordance with the provisions of the Government Corporations Control Act. Under this Act the AID Agency would be required to submit to the Appropriations Committees an annual budget setting forth its proposed lending operations for the coming year and to obtain from Congress authority to expend funds in accordance with this budget.

It is conceded that Congress would pass on the annual budget, but should Congress not approve the submitted budget, it would find itself in the anomalous position of disapproving a budget for the expending of funds which it had already appropriated to the AID Agency.

Such control as Congress would have under the Corporation Control Act would be on an all or nothing situation.

There is no question which it would be. It would be nothing.

The choice would be either no development loans or development loans in accordance with a budget of which Congress did not approve.

The proposed foreign aid bill would establish an interagency committee to establish standards and criteria for lending operations in accordance with the foreign and financial policies of the United States.

The members of the committee would be appointed by the President, with the advice and consent of the Senate.

This is a very tactful courtesy to the Senate, but it certainly does not give Congress any really meaningful control over the standards and criteria of the lending operations.

Once the members of the committee have been selected by the President, and approved by the Senate, they will be completely independent of Congress and responsible only to the President.

It might be far more beneficial to delineate specifically in the act certain basic standards and criteria to underly all lending operations.

The administration has vigorously suggested that congressional power to amend the act so as to either change the criteria for lending operations, which the committee will have formulated, or curtail the lending authority assures it of real control over the foreign aid program.

Congress has always the authority to repeal or amend acts passed by it, but this can scarcely be thought of as an effective means of exercising any control over the proposed foreign aid lending program.

Should the President disapprove any amendments, and veto them, the required two-thirds vote needed to override the veto would be extremely difficult and probably impossible to muster.

Moreover, it is very likely that the President would veto any act repealing

or amending S. 1983, should it become law.

The President clearly would not relinquish the vast powers that S. 1983 would confer on him without at least a political struggle.

It would not be in the interest of our international objective to have foreign aid the principal issue in an American election campaign.

Arguments that the proposed foreign aid bill would not abridge congressional control of the foreign aid lending program just do not stand up.

Control of the public purse through congressional appropriations is the only effective means Congress has of overseeing and insuring that legislative programs are carried out in accord with its original intentions.

Item No. 2: The administration claims that long-range planning cannot be done without the 5-year borrowing authority.

THE FACTS: AID AGENCY LENDING OPERATIONS AND RECIPIENT COUNTRIES CAN EMPLOY LONG-RANGE PLANNING WITHOUT THE 5-YEAR BORROWING AUTHORITY

The administration has consistently claimed that the AID Agency cannot employ long-range planning in its lending operations unless it has long-term financing.

The argument runs that without long-term appropriations, the AID Agency has no indication of the amount of funds that will be available to it in the future for its lending operations.

On the basis of figures supplied by the International Cooperation Administration for fiscal years 1955 through 1961, the administrations in those years have received not less than 80 percent and up to 90 percent of their original requests for mutual security appropriations.

For the year 1961, Congress appropriated 89.6 percent of the amount requested for foreign aid. There are few agencies of Government which can say that they have received a higher percentage of requests for money from Congress than has the mutual security program. This compares very favorably with the amounts appropriated to the other agencies of Government. On the basis of such success, it would appear that a great deal of long-range planning could be done.

If they cannot do long-range planning, why was it that on Saturday, as reported in the Sunday Star, the President pledged to Latin America that the United States would spend more than a billion dollars this year, as only the first step in fulfilling his alliance for progress? It was stated that this was a long-range program and would be carried on "in a manner similar to the post-war Marshall plan in Western Europe."

Congress knows that the Marshall plan was a 4-year program authorized by Congress and financed by annual appropriations.

Clearly there is sufficient support in Congress for the basic concept of fairly large amounts of annual foreign aid.

Congress can certainly make a declaration of its intention to support 5-year planning in the foreign aid lending

operations, and still make annual appropriations.

The Marshall plan was so originated.

It goes without saying that Congress is not going to authorize a 5-year mutual security program or AID program and then renege on its commitments. Only last year our delegates to the Bogotá Conference told the Latin American nations, under authority implied by Congress, that we would contribute \$500 million to the Latin American aid program.

This spring, the Committees on Appropriations met every dollar of that commitment and appropriated the full \$500 million. So it is nonsense to say that Congress will authorize long-range programs and then not provide the money to carry them out. It is certainly a reflection on the integrity of Congress when anyone implies that this body would do that.

Congress understood that the Marshall plan would be at least a 4-year program, but it was administered on the basis of annual appropriations. The Marshall plan has been held up by leaders of both political parties as a model and highly successful program. It was held up in that fashion only last week by the President of the United States, although the Marshall plan was financed by annual appropriations.

The whole public works program of the United States is based on long-range authorization with annual appropriations.

Congress is no more likely to abandon a long-range foreign aid project already begun in a recipient country, unless there are very good reasons for doing so, than it is likely to leave unfinished a public works project once it is begun.

Secretary Dillon suggested in his testimony that recipient countries are given little incentive to take sufficient steps to plan adequately their economic development unless the United States will assure them of long-term assistance.

If this is the only way in which we can get recipient countries to plan their economic development, then such countries will be incapable of any real measures of self-help, which are the absolute prerequisites of the success of these aid programs.

No one seriously contends that U.S. aid alone, spread over as many countries as it is, can transform the recipient countries into industrialized nations without a terrific amount of work, co-operation, and sacrifice on their part.

Hence, if such countries must, in effect, be bribed into sensible, long-range economic planning, then U.S. aid would appear to be badly misplaced in the first instance.

Item No. 3: The administration claims that borrowing authority provided in S. 1983 is like other grants for borrowing authority.

THE FACTS: THE PRECEDENTS FOR THE BORROWING TECHNIQUE CITED BY THE ADMINISTRATION ARE NOT ANALOGOUS

The administration has indicated that there is ample precedent for applying the borrowing technique—for example, ICA, Federal Home Loan Banks, Panama Canal, CCC, Export-Import Bank, TVA, and so forth.



However, to cite such agencies as examples of agencies in which long-range borrowing has been successful and to conclude therefrom that the foreign aid program of the United States should also be so administered is ludicrous.

Last Friday the distinguished Senator from Arkansas [Mr. FULBRIGHT], chairman of the Committee on Foreign Relations, placed in the RECORD, at page 13665, a list of Government operations or programs, his purpose being to show the analogy between these Government agencies and what is now being proposed as backdoor financing for 50-year loans bearing no interest. I should like to read the list.

**Reconstruction Finance Corporation:** This corporation went out of business several years ago, after having made a substantial profit.

**Commodity Credit Corporation:** Its impaired capital is replaced each year by annual appropriation.

**Defense Production Act of 1950:** The agency created under that act is going out of business.

**Export-Import Bank of Washington:** The last report showed it had made a profit of about \$450 million, with capital unimpaired.

**Federal Deposit Insurance Corporation:** It is a profitmaking agency.

**Farmers Home Administration:** This is another agency all of whose loans are repaid with interest.

**St. Lawrence Seaway Development Corporation:** Again, the entire investment of this Corporation is to be repaid with interest.

**Federal home loan banks:** These are profitmaking organizations.

**Federal National Mortgage Association:** This is another profitmaking agency.

**Housing and Home Finance Administration:** All money loaned by this organization is to be returned with interest.

**Federal Savings and Loan Insurance Fund:** The same is true of this organization.

**Rural Electrification Administration:** All money loaned is to be returned with interest.

**Federal Ship Mortgage Insurance Fund:** The same is true of this organization.

**Federal Civil Defense Act of 1950:** Under this act, loans are made to small businesses. It is solvent, to the best of my knowledge.

**Small Business Administration:** All loans made by this agency are to be repaid with interest.

**Informational Media Guaranty Fund:** The provision for Treasury loan financing of this fund has been repealed.

**Veterans' direct loan program:** Loans are to be repaid with interest.

**Investment guarantee program:** This program has never exercised any of its borrowing authority and at present has about \$6,500,000 in the till.

**Panama Canal:** This is a perfectly solvent venture.

**Virgin Islands Corporation.**

**District of Columbia.**

We know what these entities are.

**Helium Act, as amended in 1956:** This act provides that the Secretary of the

Navy may secure helium or helium lands and use any money appropriated by Congress. How that act got into this list, I do not know. At one time there might have been borrowing authority under the Helium Act.

**The Tennessee Valley Authority:** All money is to be repaid with interest.

**Area Redevelopment Act of 1961:** Some back-door financing is provided by this act. That, apparently, is a part of this year's program, because the law was enacted only 2 or 3 months ago.

If any of the supporters of back-door financing can show that any one of the agencies which they have cited as examples is analogous to the proposal to authorize the borrowing of almost \$9 billion, to be loaned to poor risks for a period of up to 50 years, with no interest, I shall be very much surprised. Not a single one of the corporations or agencies included in the list printed in the RECORD of last Friday is analogous to the proposal which is being put before Congress at this time.

Foreign aid is clearly an instrument of foreign policy, and foreign policy is subject to sudden and unexpected deviations.

It is extremely important that our foreign policy be responsive to the vicissitudes of the realities of world political affairs.

To insure that this desired responsiveness will exist in our foreign policy, at least so far as aid is concerned, it is necessary that Congress retain the control of such aid.

There will at least, then, be the assurance that the foreign aid lending program will be scrutinized by individuals responsible directly to the public of the United States, and not by a civil servant whose chief preoccupation, too often, is improving his position in a proliferating bureaucracy.

This innovation of 5-year financing strikes at a fundamental principle of representative democracy, namely, the effective control by Congress over its legislative programs.

**Item No. 4:** The administration claims that the 5-year borrowing authority would inspire other industrialized nations to do likewise. The particular implication is that Western Europe will be given an incentive to follow suit.

**THE FACTS: THE U.S. ADOPTION OF 5-YEAR APPROPRIATIONS IN ITS FOREIGN AID LENDING PROGRAM IS UNLIKELY TO BE AN INCENTIVE FOR OTHER INDUSTRIALIZED NATIONS TO DO LIKEWISE**

Secretary Dillon argues in his testimony of June 5, 1961:

Legislative authority to make multiyear commitments will for the first time put the United States in a position to effectively stimulate and cooperate in basic reforms. It will also provide an incentive to other industrialized countries to join with the United States in providing aid to developing areas.

What are the real facts?

The Western European countries, with perhaps the exception of Germany, are just not in a position to afford any continuing large amounts of foreign aid.

West Germany's leaders made it quite clear to Secretary Dillon's predecessor that they were unwilling to commit their

nation to any continuing, large-scale, foreign aid.

England is certainly in no position to extend further aid, and all indications suggest that she may seriously cut back her present aid program.

In a front-page article of the Washington Post, July 26, 1961, it was stated:

Chancellor of the Exchequer Selwyn Lloyd told the Commons that Britain's other military expenses overseas, as well as foreign aid, and diplomatic services must be reviewed with an aim toward economy.

Does that look as if England were going to join in any long-range foreign aid programs covering the world, simply because the United States makes appropriations available 5 years in advance? Mr. President, we shall be very lucky if we do not have to go to England's aid before another year has gone by.

It is wholly illusory to think that the U.S. adoption of 5-year appropriations in its foreign aid lending program is going to spur other capital-export nations to initiate their own foreign aid programs.

**Item No. 5:** The administration claims that lack of long-range appropriations makes it difficult to secure and retain competent personnel.

**THE FACTS: ICA HAS HAD A LOWER SEPARATION RATE THAN OTHER FEDERAL AGENCIES**

It has been argued that because of a lack of long-range appropriations, the present aid agencies are unable to secure and retain high caliber personnel, and this is due to their inability to assure their personnel of continued employment.

That it is, and always will be, difficult for the Government in the United States to compete with private business for talent is perfectly true.

But again the administration's arguments are refuted by the facts.

The facts supplied by the Civil Service Commission indicate that the International Cooperation Administration in the past 4 years has experienced slightly less of a separation rate than have the rest of the Federal agencies.

In that connection I submit a table for printing in the RECORD, instead of reading it at this time.

**The PRESIDING OFFICER.** Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Turnover per 100 employees*

Year	ICA		All other Federal agencies	
	New hires	Separations	New hires	Separations
1957.....	35.93	23.01	21.66	24.09
1958.....	27.74	22.67	21.40	20.04
1959.....	23.79	19.52	22.09	22.09
1960.....	26.92	19.29	21.21	20.26
Average---	28.59	21.12	21.59	21.62

**Mr. AIKEN.** Mr. President, these facts just do not support the theory that the foreign aid agencies suffer from a greater rate of personnel separations.

On the contrary, they indicate that the ICA, in the past 4 years, lost fewer—



0.50—and hired 7 more per 100 employees than the other Federal agencies.

The conclusion is that ICA, the principal foreign aid agency, is growing considerably faster and losing less personnel annually than the other Federal agencies.

Mr. President, democracy has never been achieved in any country until the people through their elected representatives controlled the purse strings of government. The two great democracies of the world are the United Kingdom and the United States. Neither one gained this status except through a struggle to throw off the bonds of despotism, and neither country has retained this priceless possession except through continued watchfulness and resistance to erosive maneuvering.

It was over 400 years after the signing of the Magna Carta that the British Parliament wrested any control of appropriations from the Crown. Only after the glorious revolution of 1688 did the English people begin to control the policies of government; and it has been only during the last 70 years that the House of Commons has exercised tight control over governmental expenditures.

In America, Congress has had control over the public purse from the beginning, since the Constitution placed the fiscal power of the Nation in Congress, not in the executive. The fact that the framers of the Constitution had the wisdom to create a government of checks and balances, and to place the fiscal power in the elected representatives of the people has not prevented the executive branch of Government from frequently trying to usurp this power.

Even as early as 1793, Congress found it necessary to adopt a resolution, offered by Representative Giles, of Virginia, stating:

*Resolved*, That it is essential to the due administration of the Government of the United States, that laws making specific appropriations of money should be strictly observed by the administrator of the finances thereof.

That was back in George Washington's day.

Mr. CASE of South Dakota. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. I believe the Senator from Vermont is making the most important point and a very impressive statement. When he recited the several agencies which had been given direct access to the Treasury, without the necessity of having the Congress make appropriations, he pointed out that in each instance there was a provision for repayment of the loan; and he might have pointed out, also, that in each instance there were set up guidelines in regard to how the repayment should be made to the Treasury—whether by the St. Lawrence Seaway, and so forth.

However, the language now proposed to be enacted into law would authorize the President to make these loans on such terms that the action of Congress in exercising control of the purse by making direct appropriations or by re-

viewing appropriations is the very opposite of the present proposal that the President be given authority to make loans in the total amount of \$9 billion, on such terms and conditions as he may determine. The conditions and the interest rates are not spelled out; and that is a far cry from the situation in regard to the other agencies which were cited a few minutes ago in the remarks of the Senator from Vermont.

Mr. AIKEN. I thank the Senator from South Dakota for his contribution. He is entirely correct in every word he has spoken. There is no analogy between the proposal before us and the past authorization of Government agencies to borrow from the Treasury. If we need any evidence as to the fallacy of the arguments presented by the administration, we find that evidence in the action taken by the President and the Secretary of the Treasury in connection with the Latin American conference now being held in Uruguay.

Certainly the effort to divest Congress of its appropriating powers and to invest those powers in the executive branch of the Government did not begin with the present administration. It has been intensified during the last 6 months, but certainly it did not begin with this administration, because in 1809, in response to several obligations which President Jefferson had incurred without authorization, Congress passed an act which declared that—

The sums appropriated by law for each branch of expenditures in the several departments shall be solely applied to the objects for which they are respectively appropriated, and to no other.

So even President Thomas Jefferson undertook to preempt some of the authority over the purse strings which Congress was supposed to exercise. I believe that if Thomas Jefferson had secured that power, he would not have gone into history as the great President that he did.

Madison's administration gave Congress so much trouble that finally on February 17, 1817, Representative John C. Calhoun denounced it in no uncertain terms stating—

We have the sole power to raise and apply money. It is the sinew of our strength. Not a cent of money ought to be applied, but by our direction, and under our control.

Calhoun concluded by saying that the application of the public money to such objects, without ever submitting the question to Congress, "is an evil that cannot be tolerated, unless we are ready to become mere ciphers."

These few examples indicate how jealously Congress, from the inception of the Republic, guarded its prerogatives over the public purse.

The question today with regard to Senate bill 1983—or the portion of it which relates to back-door financing—is simply whether the Members of Congress are ready to become "mere ciphers"—as Calhoun termed it—as far as any control or direction of the foreign-aid lending program is concerned.

If we are not, then we should not content ourselves with assurances of suc-

cess and careful prosecution of our directives by the very individuals who are seeking to usurp our power.

One could continue on at great length showing recurring instances of this perennial struggle between the executive and the legislative branches of our Government.

It was the intention of the originators of the concept of a tripartite government with checks and balances that there would be a healthy tension between the branches of Government.

From this inner tension between the branches there derives a government which does not seek and is not able to enslave its citizens.

The power of each branch is kept in rein by the other branches.

The words of Henry Clay in December of 1819 concerning the practice of executive departments of accumulating unexpended funds in accounts with the Treasury contrary to the law are very appropriate to the present situation.

In support of corrective legislation, Clay protested against this practice in these words:

Are we to lose our rightful control over the public purse? It is daily wrested from us, under high-sounding terms, which are calculated to deceive us, in such manner as appears to call for approbation rather than censure of the practice.

The proponents of this novel 5-year appropriation provision embodied in S. 1983 have been using some high-sounding terms, and apparently have been seeking approbation, to cover up a rather bold attempt to deprive Congress of its only really effective means of controlling the foreign aid lending program; that is, annual appropriations.

What Congress does with the administration's bold attempt to wrest from the legislative branch authority properly vested in the people of the United States can have a far-reaching effect upon the future of our country.

The Byrd amendment, while not attempting to restrict the foreign aid program either as to duration or amount, would preserve those powers which the framers of our Constitution wisely determined should be vested only in the people.

Mr. President, we should approve an adequate foreign aid program.

We should make available such funds as can be expended honestly, efficiently, and productively.

We should authorize a program of such duration as will permit its administrators to best achieve its objectives as defined by the Congress.

But, Mr. President, we should not approve any provision of this bill which would deprive us in any way or to any degree of the priceless possession of self-government which we are trying to bestow on the people of other lands.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from California.

Mr. KUCHEL. I regard the distinguished senior Senator from Vermont as one of the great U.S. Senators of all time. He has just made a powerful and persuasive address about the very serious



problem which faces Congress and the Nation. The points he has made will have telling effect in this Chamber.

I want to ask him, if I may, simply so that the record may be clear, two or three questions.

It has been contended that, because the bill before the Senate refers to and adopts certain provisions of the Corporation Control Act, reference to and inclusion of those sections of the law make it mandatory for the Appropriations Committees in the House and Senate, and then the two Houses themselves, to approve every item in the Development Loan Fund lending authority program so that in essence, it is said, it is the same program that we have under the constitutional process of appropriations.

Does the Senator agree with that statement, or not?

Mr. AIKEN. The Senator from Vermont does not agree that the Corporation Control Act in any way would retain for the Congress control over the foreign aid lending programs. I know there have been frequent references made to it, particularly by the proponents of this type of financing, but I noticed they have been very careful not to read into the record what the law says with reference to it. If I may, I wish to read section 849 of the law. The title is "Consideration of programs by Congress; enactment of necessary legislation; effect of section on certain existing authority of corporations."

This is how the paragraph reads:

The Budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 831y of Title 16. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations.

I am not going to undertake to interpret that section word for word. I think the meaning is pretty clear that, under the Corporation Control Act, while the Congress would have a chance to read the report and read the budget in full, and it might refuse to appropriate or repeal the law if it can get a two-thirds vote to do so, both possibilities are extremely remote. If Congress gives away this power over the purse, it certainly is not going to recover it for a long, long time. How would we look in the eyes of the world if the executive branch and the legislative branch of the Government disagreed about it? It just would not work. The Corporation Control Act gives the Congress the right to read the report and read the budget, and do nothing about it.

Mr. KUCHEL. I thank the Senator. Under the provisions of the amendment

offered by the distinguished Senator from Virginia, it is my understanding that the Congress would authorize long-term development projects for a period of 5 years, and that the amendment further would provide that in each of the ensuing 5 years, or any of them, or all of them, Congress would appropriate any or all of the amounts authorized up to the annual ceiling of the authorization. I ask the Senator if that is not correct.

Mr. AIKEN. For the Development Loan Fund there would be no need for further action on the part of the Congress, because this legislation authorizes the executive branch simply to withdraw the money from the Treasury.

Mr. KUCHEL. I mean under the amendment of the distinguished Senator from Virginia.

Mr. AIKEN. Oh, yes. The amendment of the Senator from Virginia would extend the program 5 years. There would certainly be a commitment on the part of the Congress to go through with a 5-year program, but the executive branch would come to the Congress for an annual appropriation.

As stated earlier, during the last 6 years the executive branch has given to this mutual security program, as we have been calling it, between 80 and 90 percent of the amount asked for, which compares very favorably with the treatment given most agencies of the Government. I think the Appropriations Committee was right when it said that 10 percent of the amount appropriated for foreign aid has been wasted. I think it would be right if it said that ten percent of the amount appropriated for the costs of this Congress has been wasted. Probably many another agency of Government has wasted 10 percent of the money which it has asked for.

Mr. KUCHEL. I thank the Senator. Is it not true that, under the amendment of the Senator from Virginia, Congress would be permitted to appropriate in any one of the next 5 years without regard to the fiscal year?

Mr. AIKEN. Congress would use the regular appropriating processes for the next five years, under the amendment of the Senator from Virginia.

Mr. KUCHEL. It is my understanding that the moneys, under that amendment, could be appropriated without regard to the fiscal year.

Mr. AIKEN. That is correct.

Mr. KUCHEL. So what would be appropriated the first year would be available subsequently. Is that correct?

Mr. AIKEN. That is correct. The fact is that right now commitments are made about a year ahead of expenditures.

I think the administration almost completely refuted its own argument when the President said that the United States will devote to Latin-American development \$1 billion this year, and more billions of dollars in coming years. He is simply disproving the contention that they cannot plan ahead or make commitments ahead unless he has the borrowing authority which makes it unnecessary to come back to the Congress.

When it is said that this program will be carried on in a manner similar to the

Marshall plan, apparently it is forgotten that the Marshall plan, although it ran for a period of years, was financed by annual appropriations. I think the administration has almost completely refuted its own arguments, and I am glad to help it in that respect.

Mr. KUCHEL. Is it proposed that long-term loan borrowing authority for the first year be fixed at approximately \$1.1 billion?

Mr. AIKEN. That is correct.

Mr. KUCHEL. The annual authorizations to borrow, bypassing the Congress, would increase somewhat each year, to \$1.9 billion?

Mr. AIKEN. One billion nine hundred million dollars a year.

Mr. KUCHEL. Is there any testimony in the printed hearings of the Senate Committee on Foreign Relations to justify any part of the \$9 billion requested?

Mr. AIKEN. In my opinion, there is justification for a certain amount of the \$9 billion requested, but there is no justification for the method of getting it, for the back-door financing. I do not think that was justified at all by any witness. The witnesses simply said, "Oh, yes, we will furnish you reports," but apparently they considered that giving the Congress information was equivalent to the retention of responsibility and authority by the Congress.

There is one other point. We are speaking in terms of \$9 billion. Some people might think that was the total amount of the foreign-aid program. The \$8.8 billion is in addition to the regular foreign-aid program, and does not include it in any way.

Mr. KUCHEL. I wish to be sure the RECORD discloses that, in the Senator's opinion, the hearings which are available to us, on Senators' desks, do or do not include justification for the amounts of authorization, quite aside from the method of financing.

Mr. AIKEN. As I recall the hearings, I would say there was no attempt to justify that particular amount.

Mr. KUCHEL. I thank the Senator.

Mr. AIKEN. In fact, we do not know for what the money would be used. It would be almost a blank check, for the executive branch to make out as it pleased and to spend as it pleased. If the administration wished to spend \$50 million a year in Outer Mongolia for the next 5 years, it would have a right to do so, and Congress could do nothing about it.

I do not wish to have anyone think that I feel our mutual security program has not done good, because it has. I do not think such programs can operate most efficiently on a year-to-year basis, but I do not think there is any necessity for divesting the legislative branch, the Congress, of its powers and for investing those powers in the executive branch, in order to carry on these programs.

Mr. KUCHEL. I agree with the able Senator from Vermont. In the few years I have had the privilege of being in the Senate I have supported mutual security for the reasons outlined by the able Senator in his excellent address. I intend to continue to do that, but at the same time I agree with what the able



Senator says with respect to this program.

Mr. AIKEN. Mr. President, I said there was no justification of the total amount before the committee. There has been an attempt to justify the back-door financing provision before all of us, and the argument always comes down to this: "We do not want to have to go to that man over in the House to get this money. We do not want to go to the Representative from Louisiana."

People who occupy some of the highest positions in Government have come to me to say, "We do not want to go to him; that is why we must have authority to go to the Treasury and take the money out."

Well, all I wish to say is this: If the White House, with the Army, the Navy, the Air Force, the CIA, the FBI, the Secret Service, and all the other agencies of Government, is afraid of Mr. PASSMAN, heaven help us if Upper Slobovia ever declares war on the United States.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. Since the Senator referred to the distinguished Representative from Louisiana, Mr. PASSMAN, I wish to say I think every Member of the Congress could, with profit, read the table with respect to the amount of money available in the several different funds, under prior programs, for foreign aid which has been compiled by the Representative from Louisiana, Mr. PASSMAN. The table shows there was, as of the 30th of June 1961 over \$5 billion in the pipeline in these various categories.

Since this has come up with reference to the work of Mr. PASSMAN, I think the best evidence of what he has done would be the table itself. If I may, with the permission of the Senator from Vermont, I should like to request unanimous consent to have the table printed in the RECORD, in order that what Mr. PASSMAN has done to make the people of the country aware of the funds that are available may be known.

Mr. AIKEN. I have no objection.

Mr. CASE of South Dakota. In accord with the consent granted, I offer herewith the table prepared by Chairman PASSMAN of the Foreign Operations Subcommittee on Appropriations in the House of Representatives.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Foreign-aid funds, by program and amount on hand unexpended, June 30, 1961*

Military assistance.....	\$2,519,643,000
Defense support.....	673,491,000
Development Loan Fund....	1,488,758,000
Development assistance.....	36,632,000
Special assistance.....	207,171,000
President's Asian Fund.....	50,757,000
President's Contingency Fund.....	252,106,000
Technical cooperative, bilateral.....	155,068,000
Technical cooperative, United Nations.....	12,900,000
Technical cooperative, Organization of American States.....	1,201,000
Atoms for peace.....	6,959,000

*Foreign-aid funds, by program and amount on hand unexpended, June 30, 1961—Con.*

Intergovt. Com. for Eur. Mig.....	\$5,615,000
U.N. Refugee Fund.....	800,000
Escapee program.....	4,490,000
U.N. Children's Fund.....	8,542,000
U.N. Relief and Works Agency.....	9,274,000
Ocean freight.....	588,000
NATO science program.....	
Administrative expense, ICA.....	8,494,000
Administrative expense, State.....	923,000
Grand total.....	5,443,412,000
Unexpended funds on hand June 30, 1961.....	5,443,412,000
Unexpended funds on hand June 30, 1960.....	4,713,665,000
Increase in unexpended funds last fiscal year.....	729,747,000

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. AIKEN. I yield the floor, and I thank the Senator from Wisconsin for making it available to me.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield to the Senator from New York without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I hope the Senator from Vermont will give me his attention. I had not planned to speak today, but I am moved to speak by what the Senator has said. I have such great regard for him and for the weight and importance of what he says in this Chamber that I consider it a privilege to have my remarks stand in juxtaposition to his, because I intend to deal factually with a certain number of the points he has made with such telling effect.

Mr. President, it should be no secret to anyone here that we are engaged today in something of a debate as to how many Republican votes will go for the 5-year program and how many will go against it. The prestige of the distinguished Senator from Vermont is so high that he has struck, in my opinion, a very important and telling blow against it. Therefore, those of us who do not see the matter eye to eye with him, though we pride ourselves, I think, generally on being with him—this is a most extraordinary situation for me, I am forced to say—must, it seems to me, as explicitly as he has, lay our arguments on the table. It is therefore with the greatest of deference and respect and affection for him that I shall try to do so.

Mr. President, one thing which strikes me in this whole debate as very interesting is the fact that a great many people say the foreign-aid program has not worked out, has not been a success, has not really hit the bull's-eye, and that the only time it ever did was during the operation of the Marshall plan. That is the general argument.

Mr. President, the Marshall plan was precisely what is being opposed in regard

to the 5-year program. The Marshall plan was a massive "tranche", as the French call it—a massive amount of money—for a certain period of time directed at a particular target. That is exactly what the President is asking for in the 5-year program, a massive sum of money for a certain period of time directed at a particular target.

Mr. President, I was in the House of Representatives when the Marshall plan was drafted. I was among those, I am very proud to say, who worked up the formula which made the Europeans feel sure they would get the money over a sustained enough period of time in order to do the job they had to do. Therefore, I invite my colleagues to read the argument made even in those early days on the Marshall plan legislation. Surely, the program provided for annual appropriations, but it gave a commitment through June 30, 1952.

Mr. AIKEN. I hope the Senator did not misunderstand me. I am in favor of extending the program for 5 years.

Mr. JAVITS. I will come to the question of appropriations in a minute.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. I thought I understand the Senator to say that the 5-year plan was the same as the original Marshall plan. Is that correct?

Mr. JAVITS. What the Senator from New York said was that it had the same force and the same impact the original Marshall plan had. That is the way the Marshall plan worked out. In other words, as we saw at the end of the road, the fact that the Marshall plan was, for a period of 4 years, a program with a very substantial sum of money—about \$12 billion—which the Europeans relied on, was the reason why the plan worked.

If the Senator will allow me to continue, I should appreciate it. I have not yet developed my point. I shall argue with the Senator in a minute as soon as I develop my point.

Mr. CASE of South Dakota. May I ask the Senator a question?

Mr. JAVITS. If the Senator will wait a moment until I develop the point, I shall be glad to answer the question. The point is that the \$5 billion is requested over a sustained period of time—just as it worked out with the Marshall plan, which we now see in retrospect succeeded—will, I think, have equal weighty effect, whereas the annual authorization and appropriations since the Marshall plan days have not been satisfactory in terms of making the plan work. That is my point.

Mr. CASE of South Dakota. But there was certainly a difference between the financing of the Marshall plan, which provided for financing for a term of 4 years, and the financing that is now proposed for the development loan plan.

Mr. JAVITS. The difference arose technically while the Marshall plan was being carried out. But the difference did not affect the result which the Marshall plan achieved. My point is that we have a right to argue now that the reason for the successful achieve-



ment should be applied now in developing a new plan. The successful achievement of the Marshall plan, whatever may have been the terms under which it was originally designed, consisted in the fact that a massive sum of money was, in total result, as we now see it in hindsight, assured for a period of time at a specific target. That is what made the Marshall plan successful.

Mr. CASE of South Dakota. The Senator from South Dakota would have to challenge the statement.

Mr. JAVITS. The Senator from South Dakota may challenge anything he wishes when I yield, if the Senator will allow me to proceed. I ask him to bide his time, and I shall be glad to yield.

The point is that the 4-year accumulation of the Marshall plan for \$12 billion, directed at a specific target, worked. There is a complaint that the annual basis of dealing with the foreign aid program has not worked effectively. We are returning to the concept of the Marshall plan, under which, for a sustained period of time, \$5 billion will be directed at the foreign aid target, and therefore we would be drawing from our successful experience in the past. That is my argument. I now yield.

Mr. CASE of South Dakota. Mr. President, that statement misses entirely the point of the argument of the Senator from Vermont. The Senator from Vermont did not argue against a program for a long period of time. He argued against the method of financing. If the memory of the Senator from South Dakota is correct, the Marshall plan was based upon drawing the funds for the first year—the year in which the plan was enacted—from an advance by the Reconstruction Finance Corporation. For the remaining period of time the program was made subject to annual appropriation, and that annual appropriation was reviewed by the Appropriations Committees of the House and the Senate. The Senator from South Dakota was a member of the subcommittee on appropriations for deficiencies in the House of Representatives during the first year of the Marshall plan. I cite that example merely to say that that is my recollection that the money for the first year of the Marshall plan was drawn under an advance from the Reconstruction Finance Corporation. That action was taken by Congress, which was considering the proposed legislation. It was current for the balance of the time and was made subject to annual appropriations, which is precisely what is being proposed by the Byrd amendment.

Mr. JAVITS. The only point which the Senator misses is my basic point; namely, that the Marshall plan was successful because, as that plan operated—and the Senator is entirely correct about that point, and I will give him the facts in a minute—whatever may have been the interim steps with respect to the Marshall plan, the fact is that a massive sum of money was directed over a continuous period of time at a given target. That was the one big success we had in foreign aid, and that type of success is what we now endeavor to repeat.

I should like to make the argument on my point in two steps. First, we are trying to emulate a successful experience.

Second, effective control on the part of Congress is not lost.

I should like to give the Senator the fact on the appropriation. The fact is that in the Marshall plan legislation a promise was contained to make available the necessary funds through June 30, 1952.

Mr. AIKEN. Mr. President—

Mr. JAVITS. I should like to finish. If the Senator from Vermont feels he would like to have me yield to him at this point, I am glad to do so.

Mr. AIKEN. I ask the Senator from New York whether he maintains that, if Congress should authorize a 5-year foreign-aid program, it would not intend to support the program? Does he not regard that action as a commitment in itself?

Mr. JAVITS. No. The idea of a commitment would be expressly rejected by every Senator. It might operate as a commitment over a period of time—for example, over a period of 5 years. Every Senator knows that the mere fact that we authorize an appropriation is no assurance that we are going to appropriate the money.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. AIKEN. Does the Senator know of any instance in which the United States has ever made a commitment of that nature and failed to carry it out?

Mr. JAVITS. The Senator himself has said we did not appropriate all the money in the authorizations year after year.

Mr. AIKEN. Ninety percent.

Mr. JAVITS. As the Senator knows, we often reduced the authorized amount for foreign-aid programs by anywhere up to 25 percent or more.

Mr. AIKEN. The Senator knows full well that it is the practice of almost every agency of the Government to request of Congress 10 to 25 percent more than it expects to use. That practice may not be true of the Defense Department, but it is true of many other agencies. When an agency receives 90 percent of what it has requested, the agency is doing very well, and in all probability the request was for at least 10 percent more than the amount actually needed.

Mr. JAVITS. We are not talking about a request. We are talking about the amount authorized by the considered judgment of the House and Senate, the bill being signed by the President. Within 2 weeks afterward, the Senator and I sat here when the Senate cut the amount by 25 percent in this Chamber. How can we talk about keeping our commitments on the basis of an authorization when we have cut very materially an authorization not over 2 weeks old?

Mr. AIKEN. I know the Senator from New York has been on different committees than those upon which I have served. But the committees on which I have served make authorizations with

an eye to the future, and to the probability that the amount which is authorized will not be appropriated in full. That practice goes for public works and many other programs which Congress authorizes. I know the Senator knows the congressional practices well enough to know that an authorization nearly always implies a somewhat larger sum than is expected in the actual appropriation.

Mr. JAVITS. The Senator has made my two points, which are, first, that the authorization is not a promise or a commitment, but it can be and is actually cut very materially.

Second, the authorization is often cut even if it is made at practically the same time as the appropriation, which is an even further indication that no commitment is involved. The Senator and I sat here, either at the end of the last session of the Congress or the one before, when on the very last day of the session we were equally disappointed. I think the conference met for 2 hours. It slashed to ribbons the foreign aid authorization, and the Senate conferees came back and said, "You can take it or leave it. If you leave it, you will have to sit here for another 2 or 3 weeks." Such action is no commitment, and that is not the basis upon which any long-range program can be conducted.

I repeat my argument. It is the wisdom of men to profit by the experience of the past—and the fact is that the one program to which we devoted a massive sum of money over a period of years to one foreign-aid target is the one instance of the signal success of our foreign-aid program. We are at least entitled to say, "Profiting from that experience, you cannot throw this idea out of the window and say it does not make any sense, because the only time foreign aid"—as so many argue, and I argued—"worked the best was when we did it precisely this way."

The Senator from South Dakota may tell me that we appropriated annually. We did. That was the dynamics of the program. But in the sum total of experience, the fact is that we directed a bulk sum of money over a modest period of time at a given target, and that plan worked.

Let us adopt that method again. I think the burden is upon those who would say, "Do not let us follow that experience; notwithstanding the fact that it was the one real good one we had. Congress is having its power usurped. It is giving up effective control."

I shall next argue specifically the question as to whether we would give up effective control, and whether our power is being usurped.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. AIKEN. I assume that the Senator from New York would be satisfied with an authorization for \$8,800 million, if appropriated over the next 5 years. If it worked in the Marshall plan, which he holds up as a successful program, it will work in this program also. Does the



Senator believe that Congress is not that trustworthy?

Mr. JAVITS. No, but the history up to now has not been that satisfactory. We have now had the benefit of the Marshall plan experience, which we now have by hindsight and which is created in the prospective legislation.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. The Senator from South Dakota is inclined to agree with the Senator from New York that an authorization does not constitute a guarantee of an appropriation. In fact, the reason why there is a separation between legislation which authorizes and an appropriation is that Congress, back in the 1920's adopted the Budget Accounting Act. Congress provided that a legislative committee ought not to appropriate, and that the Appropriations Committee should have overall authority over finances and should balance out the appropriation to the various claimants upon the Federal Treasury.

My question is with respect to the second reason stated by the Senator from New York. He has said that we ought to profit by hindsight, that we should benefit from the lessons of the past. That is exactly what the Appropriations Committees seek to do each year. By authorizing and by providing for annual appropriations we seek to do exactly what the Senator has suggested we should do if we wish to profit by hindsight. I say that because if a year's expenditures and the year's experience with a program shows that there should be some limitations placed upon the appropriations, we can benefit by that hindsight, and provide the amount of money that should be made available for that year.

Mr. JAVITS. I should like to point out to the Senator that we are trying to find another way, because the proponents of foreign aid say the program has not worked out, that it has been a failure. So we say, let us find out why it has not worked, and find another way. Of course I do not agree with the view that it has not worked, or that it has not been effective, as it is argued by the opponents. However, let us find out why it was most effective in the Marshall plan, and do the same thing again. That is what we propose. That is true especially—and this is extremely important—because congressional control is not lost but, on the contrary, will be extremely effective.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. AIKEN. The Senator surely is not comparing the conditions which prevailed in England, France, and Belgium and in other Western European countries after World War II with the conditions which have prevailed in Laos and Vietnam and in European and African countries during the last 5 years. There is no comparison between the two. The Marshall plan was designed to restore our long-term friends in France and England and Belgium and in other Western European countries. I would be willing to settle for a Marshall plan now

with commitments implied or otherwise, with annual appropriations, and in accordance with what President Kennedy promised to South American countries.

Mr. JAVITS. I find it extremely difficult to debate with my good friend, the Senator from Vermont, with any but the very warmest of personal feelings. However, I would say to him that it takes two to make a bargain. We can make promises to Latin Americans, of course, but the question is whether they believe those promises. This is not meant in any invidious sense. It is not meant to imply that they do not believe that the President is sincere in making the promises. However, when they look at our record during the years, from 1952 to 1961, can they absolutely go ahead and make commitments upon the ground that we will appropriate as we authorize? The answer is distinctly no, because we have not done it. And see when we authorize and appropriate in any given year.

Mr. AIKEN. Did not President Eisenhower ask Congress to authorize \$500 million for Latin-American aid, and did we not promise it at the Bogota conference, and did not President Kennedy come to Congress and ask for \$500 million with which to keep our commitments? Did not Mr. PASSMAN in the House committee and did not the Senate also give every cent that had been committed or implied? The Latin Americans have no reason to feel that we will not keep our promise.

Mr. JAVITS. That was precisely the arrangement we had made with the Latin Americans. That is carrying out a commitment which Congress and the President had made. When we are talking about these authorizations, in the pending bill, we are not talking about commitments which the Congress and the President have made for a specific purpose.

Mr. AIKEN. When we say to them, "We are going to proceed with you on a cooperative basis for a 5-year period," they have every reason to believe that we will keep our agreement. I believe we will, too.

Mr. JAVITS. The individual country and the individual region do not have that basis for dependence, so far as the pending bill is concerned, as does Latin America, in connection with which we made a particular arrangement, and made a particular proposal at a particular conference, for a particular sum. Here we are dealing with a general authorization for the whole world, or at least for the 60-odd countries with which the United States will seek to make arrangements. We are not pointing this proposed program at any one country in any one region to whom we are making commitments. The countries are all lumped together in one whole mass. We cannot give a guarantee to each country under those circumstances.

Mr. AIKEN. The Senator is making a good argument that we should know more about these agreements and circumstances which prevail in each country before we enter into agreements with them. I believe that Congress also

should know these particulars, as well as the executive branch.

Mr. JAVITS. I intend to comment on that. The next question is the question of effective control, and I would like to proceed to that point.

Mr. CASE of South Dakota. Mr. President, will the Senator yield at that point?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. I do not want to delay the Senator, but there are two paragraphs of the Economic Cooperation Act of 1948, which was the institution of the Marshall plan, which are so pertinent to the discussion now under way that I should like to read them, if the Senator will permit me to do so.

Mr. JAVITS. I yield for that purpose.

Mr. CASE of South Dakota. I am reading from the Economic Cooperation Act of 1948.

Mr. JAVITS. Section 114(a). I have it before me.

Mr. CASE of South Dakota. I read:

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advance not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however,* That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000. Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The authorization in this title is limited to the period of twelve months in order that subsequent Congresses may pass on any subsequent authorizations.

I do not know that that bears out what I tried to express as my understanding from memory, but certainly it supports the statement that initially funds were made available from the Reconstruction Finance Corporation, and that the program was authorized through June 30, 1952—and this was the act of 1948, but that for this particular year there was an authorization and an appropriation of not to exceed \$4.3 billion. In other words



it envisioned a 4- or 5-year program, but the appropriations were made 1 year at a time.

Mr. JAVITS. Mr. President, I complete this part of the argument by making it very clear that I wish to profit from the experience of the Marshal plan, which, whatever may have been the initial terms of appropriation, did appropriate a lump sum of money, \$12 billion for a 4-year term, for a sure project, which worked.

So in the prospective legislation I wish to profit from that experience.

Now I move to the question of effective control. There are many ways of effectively controlling what we do here, depending absolutely upon the fact that our prerogatives are not being usurped, and the main one is this: The authority which is granted to borrow is authority to borrow \$1.8 billion a year. It is not authority to borrow \$8 billion at any time over a period of 5 years. Congress has the power, under the bill, at any time, in connection with any 1 year, to terminate the authority. I call attention to the provisions of section 617:

TERMINATION OF ASSISTANCE.—(a) Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

That means a concurrent resolution by a majority of each House, without the concurrence of the President.

I shall submit for the RECORD, and I invite every Senator to read it, a brief upon the legal effectiveness of the concurrent resolution technique. It has been incorporated in many, many laws of the United States and has not been challenged. Indeed, it is doubtful that it could be challenged in any effective way in the courts, and I have no doubt, and little question that any other Senator would doubt, that the President would absolutely respect it.

So, at the very worst, Congress, by the action of both Houses, and without the concurrence of the President, can cut this program off in any one year, because the authority is for \$1.8 billion a year.

The authority is cumulative, but it is an authority granted year by year, and can be cut off. We are giving economic aid, which is what this comes to, and pretty much the same kind of provision currently is, as in the magnitude of \$1,800 million a year. I ask unanimous consent that the brief may be printed as a part of my remarks, because I shall be discussing it in the days ahead in somewhat more detail. By the concurrent resolution technique, we not only maintain effective control over any program or any money which is spent under any provision of the act, but assuming, even as my distinguished and dear friend and colleague says, we would not want to square off with the President on any program, because that would be unseemingly, yet the fact is that this authority is to be exercised in individual years. So if we were really dissatisfied with what was being done, we could cut off the program with respect to any prospective single year. There is no question in my mind about that authority for that part of the act.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Is there objection to the request of the Senator from New York?

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM ON CONSTITUTIONALITY OF PROVISION FOR CONCURRENT RESOLUTION TO TERMINATE ELEMENTS OF FOREIGN AID PROGRAM (SEC. 617, S. 1983)

(By Senator JACOB K. JAVITS)

Most legislation authorizing assistance to foreign nations, beginning with the Lend Lease Act,<sup>1</sup> has contained provisions for termination of all or part of the authority upon the passage of a concurrent resolution by the Congress.<sup>2</sup> The question arises as to the constitutional effectiveness of such terminating provisions, specifically under article I, section 7(2) of the Constitution which provides that all bills and "every order, resolution, or vote, to which the concurrence of the Senate and House of Representatives may be necessary (except on a question of adjournment)" shall be submitted to the President of the United States for his approval or veto.

It should be observed at the outset that no categorical answer can be given to the problem presented.<sup>3</sup> The Supreme Court has never passed on this precise question or on a substantially analogous question. Nor is it likely to; for it is difficult to conceive of a case or controversy arising out of these provisions. Moreover, a litigant aggrieved by the termination of the congressionally granted authority would be in a difficult position to challenge the validity of the conditions of the grant since he would be claiming under the very statute which he was contesting.<sup>4</sup> He would also, despite the presumption of separability raised by the standard separability clause, have to show that the authority would have been granted without the condition of termination by concurrent resolution.<sup>5</sup>

Those who argue against the constitutionality of the concurrent resolution technique for terminating congressional authorizations are fond of citing *Springer v. Philippine Islands*,<sup>6</sup> in which the Supreme Court, Justices Holmes and Brandeis dissenting, declared invalid the action of the Philippine legislature which vested the voting power of stock owned by the government of the Philippines in a committee consisting of the Governor General, the President of the Philippine Senate, and the Speaker of the Philippine House of Representatives. The issue thus presented was one involving the constitutional propriety of action in an executive capacity by members of the legislature such as is prohibited by article I, section 6 of the U.S. Constitution. In this

respect, it is clearly distinguishable from the problem here under consideration.

At least since the Reorganization Act of 1939,<sup>7</sup> Congress has repeatedly enacted measures providing for termination of authority granted to the Executive or disapproval of Executive action taken under congressionally granted authority, by the device of a concurrent resolution. Besides foreign aid and reorganization of executive departments, this includes the fields of price control, emergency war powers, selective service, labor disputes,<sup>8</sup> and reciprocal trade.<sup>9</sup> In the case of the Reorganization Act of 1939 itself, the executive branch actively urged the adoption of the device and has often acquiesced in its subsequent incorporation in other legislation. Opinions of the Attorney General on this question have both supported and opposed the constitutionality of the concurrent resolution device, depending on the interest of the executive branch in promoting the legislation of which Congress sought to make it a part. Thus, a Department of Justice memorandum in connection with the consideration of the Reorganization Act of 1949, on the question of the constitutional appropriateness of disapproval of reorganization plans by either House of Congress, states as follows:<sup>10</sup>

"It cannot be questioned that the President in carrying out his Executive functions may consult with whom he pleases \* \* \*. There would appear to be no reason why the Executive may not be given express statutory authority to communicate to the Congress his intention to perform a given Executive function unless the Congress by some stated means indicates its disapproval. The Reorganization Acts of 1939 and 1945 gave recognition to this principle. The President, in asking Congress to pass the instant reorganization bill, is following the pattern established by those acts; namely, by taking the position that if the Congress will delegate to him authority to reorganize the Government he will undertake to submit all reorganization plans to the Congress and to put no such plan into effect if the Congress indicates its disapproval thereof. In this procedure there is no question involved of the Congress taking legislative action beyond its initial passage of the Reorganization Act. Nor is there any question involved of abdication by the Executive of his Executive functions to the Congress. It is merely a case where the Executive and the Congress act in cooperation for the benefit of the entire Government and the Nation."

In the Constitutional Convention, the original language of what has become article I, section 7(2), was cast in the form of requiring all bills to be submitted to the President. The present rather all-embracing language was designed to prevent the short-circuiting of the Presidential veto procedure in the case of measures which Congress might otherwise be tempted to call something other than bills.<sup>11</sup> Clearly, there is no such short-circuiting where, as in the present situation, the President has the power in the first instance to pass upon the measure, which specifies the condition of its continued effectiveness. Provision for termination by concurrent resolution of the effectiveness of authority granted to the

<sup>1</sup> 22 U.S.C.A. § 412(c).

<sup>2</sup> Greek-Turkish Assistant, 22 U.S.C.A. § 1406; Foreign Aid Act of 1947, 22 U.S.C.A. § 1415; Economic Cooperation Act of 1948, 22 U.S.C.A. § 1520; Point Four (1951), 22 U.S.C.A. § 1557(i); Assistance to Yugoslavia (1950), 22 U.S.C.A. § 1558(h); Mutual Defense Assistance (1949), 22 U.S.C.A. § 1576 (e); Mutual Security Act of 1954, 22 U.S.C.A. § 1755 (a).

<sup>3</sup> For a very complete discussion of the problem, see Ginnane, "The Control of Federal Administration by Congressional Resolutions and Committees," 66 Harvard L. Review 569 (1953).

<sup>4</sup> Cf. *Fahey v. Mallonee* (332 U.S. 245, 255 (1947)).

<sup>5</sup> See generally, Stern, "Separability Clauses in the Supreme Court," 51 Harvard Law Review 76 (1937).

<sup>6</sup> 277 U.S. 189 (1928).

<sup>7</sup> 5 U.S.C.A. § 133(z).

<sup>8</sup> A history of concurrent resolutions, and an enumeration of legislation in which the device has been used as a condition of termination, is to be found in Cotter and Smith, "Administrative Accountability to Congress: The Concurrent Resolution," IX Western Political Quarterly 955 (1956).

<sup>9</sup> 19 U.S.C.A. § 1364(c) (2) (B).

<sup>10</sup> S. Rept. 232, 81st Cong., 1st sess. 20 (1949).

<sup>11</sup> 5 Elliott's Debates 431 (1845).



Executive only conditions the grant of authority upon the happening or failure to happen of a subsequent event. In a similar case, the Supreme Court in 1939 upheld the validity of a referendum of tobacco farmers to determine whether the Secretary of Agriculture could exercise the authority given him by statute to designate a market as one at which tobacco was required to be inspected and certified by Department representatives prior to its sale.<sup>12</sup>

Since the authority given to the Executive is within Congress' power to grant or to withhold, it is also within the Congress' power (1) to condition the authority upon the continuance of a state of facts existing at the time the authority was granted; and (2) to specify that the authority shall continue only until terminated by concurrent resolution. That state of facts, in the problem under consideration, consists of the absence of the concurrence of the two Houses of Congress that the authority should terminate either because of its unwise use or because of changing international political circumstances. Thus, since Congress clearly can condition the continuance of authority which it grants to the Executive upon a vote of farmers affected by agricultural legislation or upon findings or determinations (or the absence thereof) by the President or other public officers, it would be anomalous to exclude the possibility of Congress conditioning the continuance of such authority upon the existence or nonexistence of findings or determinations by the Congress itself.

Those who argue against the constitutionality of termination of legislatively granted Executive authority by concurrent resolution do so by contending that such a concurrent resolution is the same as repeal of the legislation granting the authority. This is taking a long leap in reasoning. In the case of repeal, Congress is abrogating authority which by its terms, in the absence of repeal, is unconditional in its duration so far as further action by the Congress is concerned. Such unconditional authority can only be abrogated by separate legislation and, as such, must be submitted to the President for his approval or veto. In the instant case, the grant of authority continues only in the absence of congressional disapproval. If Congress by concurrent resolution expresses that disapproval, it is not enacting legislation but rather acting under the terms of a law and carrying out one of its terms.

It has also been asserted in support of the claim of unconstitutionality of the concurrent resolution device that, if the device were constitutional, Congress could effectively pass over the President's veto legislation providing for the future abrogation, by concurrent resolution, of all existing provisions of the United States Code.<sup>13</sup> However, it would appear that such a measure would be so distinguishable from the problem under discussion as to make the analogy farfetched. For in such a case, the Congress would be attempting by concurrent resolution to abrogate existing provisions of law which do not by their terms (terms incorporated in the law) provide for their termination.

Nor does the argument in favor of the constitutionality of provisions for termination of all or a part of foreign assistance by concurrent resolution carry with it the implication that Congress could properly condition the duration of all future legislation upon the absence of a concurrent resolution for its termination. Uses of this device to compel Executive action or to provide for congressional participation in the details of Executive administration of congressionally granted authority would raise very grave constitu-

tional doubts indeed, since they could well be construed as invasions of the Executive powers of the President. But where, as in the problem under consideration, continuation of authority which is within Congress power to withhold altogether is made dependent upon the absence of a concurrent resolution against such continuation, the preponderance of the argument would seem to be in favor of constitutionality.

In an era in which the complexities of Government require delegations by the Congress to the President of discretionary authority far beyond what could have been considered the normal governmental process by the fathers of the Constitution, a check on the duration of those delegated powers such as is comprised in the device of the concurrent resolution can scarcely be said to upset the balance of powers contemplated by the founders of the Republic.<sup>14</sup>

Mr. AIKEN. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. AIKEN. I wish to get the Senator's views clear, because they may be helpful to the RECORD later on, in the event back-door financing wins. Does the Senator from New York interpret this provision to mean that if the development loan authority had a billion dollars which it had promised to lend, and \$50 million of that was slated to go to Outer Mongolia, Congress could, by concurrent resolution, delete the \$50 million for Outer Mongolia? Is that a correct understanding?

Mr. JAVITS. Congress could; I hope it would not.

Mr. AIKEN. I am not certain that it would be able to delete the \$50 million for Outer Mongolia.

Mr. JAVITS. When I say I hope Congress would not delete the authority, I hope the Senator understands what I mean. If for Outer Mongolia we substituted Chile or Peru or Bolivia or Brazil, or some other country, that might be preferable. It would not have the connotation raised by the use of Outer Mongolia. I said Congress could do so. I hope it would not, because it would be very bad policy. But Congress could say to the President, "Next year we will not grant the authority to borrow \$1,800 million." Congress would say no; it would cut off that amount. That authority would be exhaustive under the terms of this act without the concurrence of the President.

Mr. AIKEN. Is not that power sometimes utilized in appropriations acts, too?

Mr. JAVITS. Constantly.

Mr. AIKEN. Why is it better to proceed in the other way?

Mr. JAVITS. It is better to do it the other way because Congress gives, subject to the statutory power to cut off, a greater element of certainty in terms of working out programs in the United States and other countries than is given by the authorization and appropriation technique, especially in view of its history, when the administration, only at the peril of its life in the first place, gets its authorizations very late. It is getting some of them right now. We are in the month of August, but we are talking about an authorization for foreign

aid. We have not even taken up the question of the appropriation. The administration gets its authorization very late in the year. It gets it for only a 1-year period. Frequently the authorization is very sharply cut in the appropriation stage. Hence there is no reliability, no dependence, upon such a program within the confines of the right of Congress to veto on some broad base, and to cut a program to ribbons between the authorization and appropriation stages, thus making it impossible to provide any really long-term arrangements with any country.

Mr. AIKEN. Then the Senator from New York believes that if the Development Loan Fund makes a commitment to Outer Mongolia for \$50 million, Outer Mongolia can better depend upon that commitment being carried out if a concurrent resolution is required to stop it, rather than to have it stopped through the appropriations process?

Mr. JAVITS. I do not know why the Senator from Vermont insists on using Outer Mongolia as an example.

Mr. AIKEN. It is because I have the feeling that the State Department desires to recognize Outer Mongolia at the first opportunity.

Mr. JAVITS. I think that is an invidious comparison. Outer Mongolia is not a fair example of what we might do with \$50 million. We have no relations with Outer Mongolia. We do not have any programs in Outer Mongolia. Right now we are dealing with countries which are our friends. That is a very different situation. So I cannot accept the use of Outer Mongolia as an example.

If the Senator will take any other country as an example, then I say, "Yes," we will get much further in the development program of that country under the technique contained in the bill than we will under the technique of authorization and appropriation, which has been tried since 1952 and has been found seriously wanting.

Mr. MORTON. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. MORTON. Actually, no concurrent resolution is necessary. If, to use the extreme example which the Senator from Vermont has cited, Outer Mongolia should be included to receive a sizable amount of aid, certainly in the foreign-aid bill which goes through Congress every year, Congress has the power to appropriate in accordance with the requests of the administration, but certainly it could include a negative item concerning Outer Mongolia, if the administration should go to that extreme. I do not think it would. In that instance, there would be no concurrent resolution. The President would have before him a bill he would have to sign, because it would contain his whole program. It could easily have language in it to exclude any program in a particular country.

Mr. JAVITS. The Senator is absolutely correct. There is no provision for an item veto. The President would either have to sign the whole bill or veto the whole bill.

<sup>12</sup> *Currin v. Wallace*, 306 U.S. 1 (1939).

<sup>13</sup> See Ginnane, note 6, *supra*, at 594.

<sup>14</sup> See Corwin, *Total War and the Constitution*, 45-47 (1947).



I have used the concurrent resolution example only because it related to the question of usurpation of power. I cannot see the argument of usurpation of power when Congress has given itself, I think, a perfectly valid power. It was in the original Marshall Plan Act, under which many loans were made. Congress has given itself such tight control as to prevent such a usurpation of power as the Senator speaks of.

Mr. CASE of South Dakota. Mr. President, will the Senator from New York yield?

Mr. JAVITS. No; the Senator from New York has been hashed up enough in his presentation. I prefer to wait awhile before I yield again.

In spite of the right of Congress to inquire again, I think we overlook one of the very important paragraphs of the bill. I compliment the Foreign Relations Committee, including the Senator from Vermont [Mr. ARKEN], one of its members, for including this very tough provision. I call attention to the provisions of section 634(c), which places the heaviest kind of penalty on the administration if it fails to part with any information the Congress wants. That provision reads in part as follows:

(c) None of the funds made available pursuant to the provisions of part I shall be used to carry out any provision of part I in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision—

And so forth. In short, by that provision, we would be taking away from the administration in a very potent and effective way the possibility of a claim of executive privilege with respect to any disclosures in connection with this matter.

Mr. President, many other provisions of the bill give Congress very tight control. I have already named two of them. For example, the committees of Congress must be specifically advised if the administration intends to exceed its budget in the case of a program with any country. All of us are also aware of the duties assigned the General Accounting Office by the bill and the built-in inspector-general technique provided by the bill—a recent development in connection with foreign aid. All of us are also familiar with the provisions which require that reports be made to congressional committees, and all of us are also familiar with the governmental control which is provided by means of a cutoff in this connection—a matter which will be argued later in detail.

Mr. President, it is very appealing to call out against usurpation of control. However, I believe that the claim of usurpation of control must be critically examined. I do not think there actually is any usurpation of control by means of

this measure; and I have now demonstrated that point in detail, insofar as the residual powers of Congress are concerned.

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. JAVITS. Madam President—for I see we now have a new Presiding Officer—it seems to me also very clear from the history of Congress that Congress does not very easily allow its powers to be usurped. As the Senator from Kentucky has only recently pointed out, Congress has no hesitancy in including in appropriation bills and in other bills provisions which it feels will be adequate in order to deal with any threatened or attempted usurpation of congressional power. So I do not think the question of effective control is really at issue, for Congress has effective control.

I think the question at issue is whether it is more conducive to the success of a foreign-aid program to have such a five-year provision included in the bill, rather than not to have it included. I deeply believe that the case in favor of the inclusion of such a provision is crystal clear from the history of the Marshall plan.

Now I wish to make one other point, and then I shall yield to the Senator from Kentucky [Mr. MORTON], who, I know, wishes to speak on this very point.

The fact is that today we have competition from the Soviet Union, which now is going into the foreign-aid business to the extent of an estimated up to \$2 billion per year, by means of an aid program analogous to our own; and we now also have competition from Communist China—competition which is not in any way tied up, as regards long-term commitments, to other countries in the way in which we are, under our authorization and appropriation procedure. Both from the point of view of the substantive success which history shows we seek by means of the foreign-aid program and in order to meet the competition with which we are now newly and keenly faced, and in view of the fact that by no means shall we lose effective control, I respectfully submit that the 5-year provision will give us what we need to have in order to have an effective program, and it will not deprive the Congress of anything it has had before in the way of protection.

Madam President, I should like to close on this note: I think we had better keep our eyes clearly "on the ball." Aside from all the arguments about effective control, in terms of oversight and finance committees—and I would be in favor of a joint ad hoc committee for the purpose of giving oversight, as we provided for in connection with the Marshall plan, and I may propose an amendment to that effect—and aside the current technique and the other techniques provided in the bill, the important point is to provide for action under the 5-year borrowing authority. The important question is how to make really long-term commitments for foreign aid, on which reliance can be placed in making plans, because that is demonstrably the way to make a foreign-aid program succeed. That is why I favor this provision of the bill.

Mr. PROXMIRE. Madam President, I ask unanimous consent that at this time I may yield to the Senator from Kentucky [Mr. MORTON], without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MORTON. Madam President, I thank the Senator from Wisconsin.

First, let me say that I am on the same side of the argument as is the Senator from New York [Mr. JAVITS]. But I do not see where the Marshall plan argument comes into this situation; and it seems to me that is what the Senator from Virginia [Mr. BYRD] is trying to achieve here. However, although it worked then, it will not work here.

Madam President, as the Senate continues this debate on the foreign aid bill, there is a remarkable degree of agreement on all the major policies provided in the bill recommended to the Senate by the Foreign Relations Committee.

The broad support for the major idea of long-term commitment authority is particularly notable. It is not only requested by President Kennedy, but its importance is stressed by former President Eisenhower and former Vice President Nixon. I believe it also has very wide support in both bodies of the Congress.

The only major issue remaining in the bill before us is the means by which the funds needed to make the long-term lending authority effective are to be provided.

The President has asked that these needed funds be made available to him through the grant of authority now to issue notes to the Treasury from time to time in specified amounts to be available each year for 5 years.

Many of my colleagues on this side of the aisle who believe in the principle of long-term commitments are concerned as to whether, under the proposed means of funding, the Congress would retain the control it ought to have over this important program.

Some are looking to the proposal made by the senior Senator from Virginia, in the hope that it will provide this control while making long-term commitments possible.

In my opinion it will not be in the best interest of the program. It would only perpetuate for 5 more years the uncertainties which plagued President Eisenhower and Secretary Dulles and Secretary Herter and Under Secretary Dillon for the last 8 years.

The Senator's proposal is nothing more than we have had before. It does nothing but authorize another 5 years of annual appropriations. It is even worse than the present situation, since it would take the Foreign Relations Committee effectually out of the picture for 5 years, while each year it would leave this important part of the bill to the solitary consideration of the Appropriations Committee.

During the past 4 years since the Development Loan Fund came into existence, appropriations have been authorized for it twice for two periods of 2 years each—just like the idea of the



Senator's proposal. What happened? The President and the Secretary of State, charged with carrying out this vital function of U.S. foreign policy, never knew from 1 year to the next how much money would be available. In fact, it got to the point that they did not even know how much they had for a whole year at a time. Twice in this period they had to come back for supplemental appropriations to make up cuts in original requests for the year. And even the supplementals were cut.

Nobody can be expected to run a successful development program under these difficulties.

I did not think Foster Dulles and Christian Herter should have been compelled to. I do not think Dean Rusk should be put in this straightjacket either. Yet that is exactly what the amendment would do.

It would provide no authority to give commitments of aid in any amount for any period. It would give no reasonable assurance that any particular amount of money would actually become available in any year.

It would do nothing but put the Foreign Relations Committee on ice for 5 years.

If we cannot go forward, let us not go backward.

But there is no reason we cannot go forward. President Kennedy has made a perfectly sound proposal. The Foreign Relations Committee has recommended it. I am for it. In fact, I have been for it since about 6 years ago.

I had the privilege then of working with Secretary Dulles. One of the major problems which concerned him was how to get the aid program on a sound long-term basis. I discussed this problem with him many times. I know how deeply he felt about this when he recommended to President Eisenhower in 1957 that he ask the Congress to authorize a 3-year development lending program based on borrowing authority.

This proposal was drafted by Dulles, Herter, and Dillon after the most thorough consideration of all possible alternatives and the conclusion that it was the best way to provide funds for the kind of long-term program that was desperately needed.

When President Eisenhower sent his request to the Congress on May 21, 1957, he asked authority for the proposed Development Loan Fund to borrow from the Treasury. He said then:

Such borrowing authority has been used to finance many other U.S. lending operations. I believe this financing is well suited to the character of the Fund.

I think it shows good judgment on the part of President Kennedy and his administration that the proposal he has now made is identical in principle with that of President Eisenhower. He also asks that funds be provided on the same basis.

I thought that basis was sound then. I think it is sound now. I can add also that Secretary Herter and Secretary Dillon who helped draft that first plan still believe that the 5-year borrowing authority is still the right way to fund this lending program. I think I knew

Secretary Dulles well enough to be confident that he too would advocate this program now.

Senators would be well rewarded to look back, as I have, to Secretary Dulles' statement before the Foreign Relations Committee on May 22, 1957. Every word he said then would with equal validity sustain the case made by Secretary Rusk before the same committee only 2 months ago.

In a brilliant and moving statement, Secretary Dulles declared the great question of the day, asked by hundreds of millions of people in new nations throughout the world, is whether political freedom and independence mean economic growth—whether these new nations can grow in freedom. He declared that we must see that this is possible. And he asked, "What is the most economic and effectual way to do this?"

His answer was through the creation of a development lending program to be funded by borrowing authority.

He said, in words as valid now as then, that "economic development is a long-term process. It is not an annual event." I repeat: "It is not an annual event."

And then he reiterated the President's request that funds be provided through borrowing authority. He added that, although the funds would become available only in incremental amounts from year to year, "the fact that they would be available will give the countries we wish to help and our own administrators the assurance they need to plan ahead."

And then Secretary Dulles said—and I hope every Senator who respected his judgment will heed these words:

This new approach we contemplate requires that we get away from annual authorizations or appropriations. These inevitably tend toward a system of "illustrative programs" as a basis for justifications. These are not compatible with the assurance of continuity essential to good planning and to the new long-term loaning concept. They are not compatible with cooperation with such organizations as the International Bank for Reconstruction and Development and Export-Import Bank, which operate on a long-term businesslike basis with established capital.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. MORTON. I yield.

Mr. AIKEN. In view of the reference to the support in 1957 of the administration in borrowing from the Treasury, will the Senator tell us why the administration did not support Treasury borrowing in 1959?

Mr. MORTON. Yes. Although I was not a member of the administration then—

Mr. AIKEN. I never knew the real reason.

Mr. MORTON. I think, to use a colloquial expression, they had broken their plate on the matter here in Congress, and after the elections of 1958, when Congress went overwhelmingly to the other party, they felt if they could not get Congress to agree when it was fairly friendly, they had better not try with the control of Congress in the other party.

Mr. AIKEN. I know it was a mystery to me—

Mr. MORTON. I know it was. I think the Senator himself regretted they did not ask for it again.

Mr. AIKEN. The Senator found himself flat on his back on the rug. The mystery to me was how it happened that there were 29 Republican votes in favor of Treasury borrowing in 1957 and only 7 in 1959. What caused the great backslide?

Mr. MORTON. I think it was the fact that the then administration did not give it the vigorous push which it had in 1957.

Mr. AIKEN. Only shortly before the bill came on the floor the administration, as I understand at the time, was very much in favor of the Treasury borrowing method of financing. If I remember correctly, the Secretary of State, even after the administration withdrew its support of Treasury financing, said the State Department was still in favor of it.

Mr. MORTON. Yes, I think they were.

Mr. AIKEN. I never knew what happened.

Mr. MORTON. I have had a good many experiences in politics, as I am sure the Senator has. I think when we lost one as bad as we did in 1958—

Mr. AIKEN. We only lost it by five votes in 1959. If out of the 20 or more backsliding members of our party we had been able to salvage 3 or 4 of them, we would not have had this argument today. In retrospect, perhaps I was not as smart in voting as I thought the President wanted me to be.

Mr. MORTON. The Senator has always been very smart.

Mr. AIKEN. But we came close to getting it in 1959.

Mr. FULBRIGHT. Madam President, will the Senator yield?

Mr. MORTON. I yield.

Mr. FULBRIGHT. Before I comment on what has just been mentioned, I should like to compliment the Senator on a very strong statement, with which I agree.

On this particular issue, I have had a consistent position. I was for it in 1957 and I was for it in 1959. Perhaps I may offer an explanation of the change in the administration's position in 1959. I think it was a perfectly logical one. Although I did not agree with it at the time, I can understand how, in balancing the foreign urgency and the domestic urgency, a judgment has to be reached.

It is my own opinion, based on many conversations at the time, that the administration was of the same view in the spring of 1959 as it was in 1957. In other words, it supported long-term borrowing. But it will be recalled that at that time there developed very serious problems in our internal financing, especially with regard to the selling of bonds. Interest rates jumped up to 4 percent. The Senator from Connecticut [Mr. Bush] who is sitting near me, keeps up with this subject better than I do, but he will remember there was great concern, especially by Secretary Anderson. I had the experience, as did other Senators, of having Secretary Anderson come before us. I was sitting on



the Banking and Currency Committee, and I, along with the other committee members, knew there was great concern about lifting the interest ceiling. Senators will recall that. The Secretary talked with us, both in groups and individually.

In other words, it is my own conviction, based on all I saw at that time, that the reason for the change in the administration's position with regard to the borrowing authority did not derive from doubts over the wisdom of this method, but from their growing concern with the domestic bond market. In any case, this consideration dictated the President's decision, and he sent word to the minority leader, the Senator from Illinois [Mr. DIRKSEN], that the White House had changed its view.

I think that is the reason why many Republicans, quite properly, supported their leader and the administration in its changed position. I see nothing unusual about that, because the administration acted for reasons entirely irrelevant to the question of how best to finance a development loan program.

The Senator has read what Secretary Dulles said. I know that in 1959, Under Secretary Dillon continued to believe that the Treasury borrowing was the proper and appropriate method, and still thinks so today. He bowed to the overriding concern with the domestic financial situation. I would not minimize that. Confidence in the dollar is a very important thing. The judgment of the Treasury was that a long-term lending program would have an unsettling influence on the domestic bond situation. I am convinced that is the reason they changed their view.

I see nothing either wrong or mysterious about it. We have to take those things into consideration. At present, everyone, including Secretary Dillon is agreed, on the borrowing proposal. I know of no one in a position of great responsibility in the administration who does not agree with the position taken by the Senator from Kentucky today.

Mr. MORTON. I thank the Senator very much. I think he has put this into perspective very well.

Mr. AIKEN. Mr. President, I am very glad to hear the explanation of the Senator from Arkansas. It gives me hope. Until the Senator spoke I was under the impression that the finances of our Government today, with a \$300 billion debt, were not as rosy as they might be. With the Senator's reassurance that the situation in that regard is so much better than it was 2 years ago, I feel better.

Mr. FULBRIGHT. I think the markets, on their face, are much better. The loss of gold, which was accelerating at that time, was proceeding very rapidly. It is my understanding that at the present time the gold situation has been fairly well stabilized. The drain is not continuing. A few weeks ago I noted that during a particular week there was a gain of \$100 million. I have not kept up with the situation on a daily basis. In any case, there is not now a continuing loss, as there was during the course of 3 years.

If the Senator will yield further, the clerk of the Committee on Foreign Relations has handed to me a telegram from Secretary of the Treasury Douglas Dillon, which I think is relevant. If the Senator will permit, I should like to read it.

Mr. MORTON. I am glad to yield.

Mr. FULBRIGHT. I have not quite completed reading it, but I know it is intended for the information of the Senate and of the public. This is a telegram from Douglas Dillon, from Uruguay:

Three days here have heavily underlined overriding importance of our having authority make long-term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of alliance for progress which have now become basic to our relations throughout the hemisphere. Hope these considerations will be borne in mind during Senate consideration foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

DOUGLAS DILLON.

This has been Mr. Dillon's position all along. It is not anything new for him. As the Senator has already pointed out, it was not a new position with Secretary Dulles, nor with Secretary Herter, who later became Secretary of State.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. KEATING. By a curious coincidence, I received a telegram or cable this afternoon which was practically identical to the one received by the distinguished chairman of the committee. This may be something others have also enjoyed. I am preparing a reply to the Secretary, because I recognize there is much merit in what he presents.

My reply will urge that the Secretary support the Saltonstall amendment, which would require that long-term loans over a certain amount be submitted to the Congress and not become binding, final commitments until 30 days have elapsed. It strikes me that would give the Congress a better and more effective oversight of operations under the Development Loan Fund than is embodied in the administration bill, but it would not in any way hamstring operations.

I recognize the necessity for making long-term commitments on programs. I was a little distressed that the distinguished chairman of the committee, when he appeared on "Meet the Press," on Sunday, did not embrace the Saltonstall proposal with more enthusiasm. He characterized it as a gimmick. I am having a survey made of Webster's dictionary as to exactly what is envisioned by the word gimmick, but the Senator did do the Senator from Massachusetts [Mr. SALTONSTALL] and the other co-sponsors the honor of saying it was not as bad a gimmick as the amendment of the Senator from Virginia [Mr. BYRD]. We shall pursue this further.

We all have great respect for the Secretary of the Treasury. In many respects he presents a valid argument, in

my judgment, but I think we must try to achieve some method of giving the Congress a better measure of control than merely the ultimate authority to cancel all commitments even after they had been made. That authority, of going back on our word, seems to me to be implicit in the administration bill. Ironically, the bill would allow that, but it would not allow any other, less sweeping degree of control.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. AIKEN. I should like to ask a question of either the Senator from Arkansas or the Senator from New York, who received the telegrams. Did the Secretary of the Treasury send the telegrams before or after he committed the United States to a 10-year program?

Mr. MORTON. I was not the recipient of one of the telegrams.

Mr. AIKEN. I did not ask the Senator from Kentucky.

Mr. MORTON. What am I doing—refereeing?

Mr. KEATING. I will reply to the Senator by saying that the cable arrived today. As I understand, the commitment was made several days ago. My telegram arrived this afternoon, I believe.

Mr. AIKEN. Is there any peculiarity in the fact that the Secretary commits us to a 10-year program and then sends telegrams saying he cannot commit us without authority of the Congress?

I suppose that may not be peculiar, in politics.

Mr. MORTON. I do not think that what went on at Punta del Este, had anything to do with the cables. I think the Secretary's concern is in regard to the amendment offered to the bill by our distinguished colleague from Virginia.

Mr. FULBRIGHT. I think that is what the Secretary has in mind. The telegram was received at 11:57 this morning. It was handed to me only a few minutes ago. It came to the committee. I think it is relevant to the discussion.

The Secretary has an overall position to cover. His authority and prestige and power of persuasion in Latin America would certainly be undermined if, at the time he is in Latin America, the Congress should take a position directly contrary—or which at least appears to be—to the position he takes, which is for long-term cooperation in the hemisphere.

I do not think the Secretary made any firm commitment. He has no authority to make any firm commitment. I think he said it was the intention of this administration to try to persuade this country to undertake a long-term program of a very sizable amount. He and those people understand that he is simply saying what is the intention. These people know the Secretary cannot supply the money unless the Congress goes along with him. He is not fooling the Latin Americans in that regard. He also knows that regardless of what he says, if the Congress turns it down there is very little prospect of having any long-term program.



Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. JAVITS. First I wish to say I am very grateful that the Senator from Kentucky has seen fit to speak up. He is a man with experience from the other side of the fence. He has been an actual State Department official who has had to deal with the Congress and, in addition, has been our National Chairman. I think it is very important that the Senator from Kentucky should speak up. I am delighted he did, because this should not be projected in some guise of a liberal and conservative struggle or any other point of view than that of a hardheaded appraisal as to what will be best and most successful for the foreign policy of the United States.

I should like to ask the Senator whether he feels, based upon hardheaded realism and his experience as Assistant Secretary of State, when he actually was engaged in the fighting of the economic offensive of the United States, that this is an instrument which will be useful and important and will give us a better opportunity for victory than we otherwise would have if it were not granted to the administration?

Mr. MORTON. Absolutely. I think what Secretary Dulles pointed out, that we are going to be limited to illustrative programs if we do not have long-range implementation as well as long-range authorization.

As I shall point out later in my remarks, I think there have been wastes in the program under Mr. Truman. There have been wastes in the program under Mr. Eisenhower. There will be wastes under Mr. Kennedy. Wastes are inevitable in a program of this kind. But the program has a better opportunity of succeeding with less waste and with more good programs if we can have long-range authorization and implementation.

At one time I spent 5 hours before a subcommittee on appropriations on the other side of the Capitol in connection with the Aswan Dam. I never got kicked around in 5 hours as much in my life. So I know there is a great problem in connection with this type of approach. I think that the committees that are best equipped to work with such problems are the Committee on Foreign Relations of the Senate, and the Committee on Foreign Affairs of the House. They study the problems.

I wish to see Congress hold its power of the pursestrings, of course. I believe we must. I think there is adequate assurance under the bill that Congress will do so. After all, only a small percentage of what is involved in the bill will be put under loan.

Mr. FULBRIGHT. Twenty-five percent.

Mr. MORTON. Twenty-five percent. Then we shall have absolute control of the salaries of those who administer the program. The Appropriations Committee could liquidate the program by cutting out the people. We have, it seems to me, adequate safeguards.

I see around me eminent gentlemen who have come from the legal profession or have received a scholarship from some

university. I came to the Senate as a plain businessman, and I would hate to run a program as the foreign-aid program would have to be run under the Byrd amendment. I would rather see the program continued in the way it is running now than in the way it would operate under the Byrd amendment, because we would make promises that we could not keep, and people would become angry.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. MORTON. I yield.

Mr. JAVITS. Would it be obtrusive on the Senator's thesis if I ask unanimous consent to have printed at this point in the RECORD a table of the authorizations under the mutual security program and the Economic Cooperation Act showing the date and amount of the authorizations, and the date and amount of the appropriations? I make the suggestion to deal with the question to which the Senator is now referring.

Mr. MORTON. Madam President, I ask unanimous consent that the table be printed.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

*Authorizations versus appropriations for development loans*

(In millions)		
	Authori- zation	Appropri- ation
1958.....	\$500	\$300
1959.....	650	550
1960.....	700	550
1961.....	1,100	600
Total.....	2,950	2,000

NOTE.—Average percentage cut: approximately 30.

Mr. JAVITS. I am glad the Senator said what he did about being a businessman. It is often said that the Republican Party is the party of business. I happen to be proud of that fact. I think it is a great mistake that we do not make the most of it. I think that is one of the reasons American people should be for us.

I would like to ask the Senator whether it is more businesslike to run the program in the way that he and I are for—on some kind of capability for a reasonably long-term commitment—than on a year-to-year basis.

Mr. MORTON. There is not one successful corporation in the United States today that plans and spends on a year-to-year basis. If one were to start building a plant today, he could not build it in one year. He had better have the necessary money in hand to go through with the full expansion or else he would be in trouble.

Mr. SYMINGTON. Madam President, will the Senator yield?

Mr. MORTON. I yield.

Mr. SYMINGTON. I appreciate the reference to businessmen by my able friend from Kentucky, because I happen to have also been one of those.

Mr. MORTON. I was a small businessman.

Mr. SYMINGTON. And I, no doubt, smaller.

Mr. FULBRIGHT. Oh, poor fellows. I shall take up a collection.

Mr. SYMINGTON. We accept I would like my share of the collection. The Chairman is a very generous person at heart.

I would ask one question of the distinguished Senator from Kentucky. Why is it that people who are so interested in private enterprise, in which planning is the essence of all good management, nevertheless opposed to giving those who administer the foreign aid program, and who have the additional disadvantage of not being able to operate under the profit motive, the same prerogative to plan that would be demanded by any good corporation executive or by any board of directors?

Mr. MORTON. If I knew the answer to the question, I probably would not answer it anyway. I do not know, frankly. Though I had no direct experience with the program, except the responsibility of getting appropriation bills through Congress three times and the authorization three times, I should point out, as Mr. Dulles pointed out, that we resorted to illustrative programs. The administrators would approach the month of April and would have to come forth with a plan. So they would come forward with a program. It might have been a good program or it might not have. I do not know that we shall ever have a program that will be 100 percent successful. But I say that the proposed legislation has a better opportunity of being successful if both the implementation and the authorization are long-range.

Mr. SYMINGTON. Madam President, I should like to associate myself with the remarks of the Senator from Kentucky.

Mr. CASE of South Dakota. Madam President, will the Senator yield for a question?

Mr. MORTON. I yield.

Mr. CASE of South Dakota. Does the Senator wish to leave the impression that business never cuts back on a program?

Mr. MORTON. No; I certainly would not want to leave that impression. Congress can cut back under the present program, and could cut back under the proposed program.

Mr. CASE of South Dakota. If an owner of a business had a model that was not proving successful—

Mr. MORTON. He could stop it.

Mr. CASE of South Dakota. I thank the Senator.

Mr. MORTON. And if we start giving aid to a country which for some reason went against us, Congress has full authority under the proposal submitted by the Committee on Foreign Relations to stop such aid.

Mr. DWORSHAK. Madam President, will the Senator yield for a question?

Mr. MORTON. I yield.

Mr. DWORSHAK. I hesitate to propound a question, but as I have listened to the corollary or the comparison between the operation of private enterprise with long-range planning for foreign aid, I am reminded of what would happen if the officers of a corporation projected



a 5-year program based upon the availability of funds, and then subsequently, because of economic conditions, did not have the funds available. What would they do? Bankrupt the corporation or revise the plans and continue within the limitation of available funds?

That is one side of the question. The other side is if the long-range program were approved and the ICA would outline a program of the magnitude which is recommended by the distinguished Secretary of the Treasury in the South American conference and commit the United States to go all out in the expenditure of billions of dollars, and then because of some economic behavior we would find that our deficit is not \$3 or \$8 billion a year, but might be \$15 billion a year, then what would be the predicament of our Government? Would it ignore all of these signs and warnings and increase taxes beyond our capabilities, or would we blindly pursue the expanded foreign aid program far beyond our financial capabilities? What would happen?

Mr. MORTON. I do not think that we would pursue these programs beyond our capabilities. I am not making any argument at all for the magnitude of the program. I say, "Take what you are going to do and do it on a long-range basis and you will get more out of the dollars that you spend whether you spend \$5 million, \$500 million, or \$5 billion."

That is the gist of my argument. I do not know whether the proposal to which the Senator referred, which we have seen on the wire service, that the Secretary of the Treasury has made concerning our good friends in this hemisphere. I have no judgment on the amount involved there. I think I can speak with some degree of experience that whatever we are going to do, let us not do it on a hit or miss basis, because we will make so many mistakes. We will put so much money in for show or merely to get rid of the money before the authorization runs out. We will put so much into a program that some fellow thinks up because he has been told to think up a program quickly to do something in a country. I think the long-range aspect of the program is what I am talking about, and I think that is the essential point.

I do not believe I can or need add to that declaration made by a great statesman 4 years ago.

The rightness of the proposals made by President Eisenhower and Secretary Dulles was recognized by my colleagues then. My recollection is that without exception they supported the proposals in the Foreign Relations Committee which recommended the enactment of the request for a DLF funded by borrowing authority.

Later, when the bill was being considered on the floor an amendment was offered to strike out the second and third years which involved the borrowing authority. This amendment was rejected 54 to 32. Happily 30 of my Republican colleagues voted to retain the long-term borrowing authority requested by President Eisenhower and Secretary Dulles.

Twenty-one of those thirty are here now. I see no reason in principle why they should not support the same proposal when made by this administration.

It is true the time period is greater and the sums requested are greater. But the original 3-year proposal of President Eisenhower and Secretary Dulles was always intended to be just the tryout phase of a long-term program. We are engaged in a mortal contest over the issue of whether the 60 or more developing nations with over a billion people on 4 continents will develop in freedom or under Communist influence or domination. If we have not learned in the last 4 years that this is a long-term problem, with which we must cope on a long-term basis, then God have mercy on us.

I do not believe the funds now requested are at all beyond the need. President Eisenhower said in 1957 in what seems to me now to be a tragic prophecy:

In order to accomplish the purposes of the Fund, sufficient capital must be provided now. To create a fund for long-term economic development while denying it the means to succeed would be to deceive ourselves, discourage our friends, and dissipate our money.

He asked the Congress through 4 years for some \$2.9 billion for the DLF—and there was appropriated only some \$2 billion—a cut of 23 percent—in four individual appropriations and two irregular supplementals.

What better way to deceive ourselves, discourage our friends and dissipate our money.

There still remains the problem of adequate congressional control. I think we were satisfied in 1957 that such control existed. I believe we should be satisfied that such control exists under the pending bill.

What we should realize, and I think perhaps we do not, is that the 5-year borrowing authority is related only to the development lending program. The funds asked for this program this year are just one-fourth of the total program, economic and military. Next year and the following years they will be larger, but still no more than one-third or so of the total military and economic program.

The President will obviously have to come back to the Congress every year to get both an authorization and an appropriation for the economic grant program, and after next year for the military program.

The Congress will certainly have ample opportunity to review the lending program at any length it desires. And if it desires to make some change in the lending program, it may do so by a simple amendment to authorizing or appropriating bill for grant funds. The President has to have these funds. He could not veto an amendment without imperiling the whole grant program.

But this is not all the protection provided. The Foreign Relations Committee has required that the use of all funds obtained by borrowing authority be subject to the provisions of the Government Corporation Control Act.

I have heard Secretary Dillon explain the application of this act, as have a number of my colleagues. I am satisfied myself and I believe we can all be satisfied that it gives the Appropriations Committee ample power to review the whole lending activity through the budget program the President must submit each year—and that it gives the Congress through the Appropriations Committee a second annual opportunity—after the authorizing bill—to limit the President's use of the borrowed funds if any unusual or special situation should develop to require such action to carry out the will of the Congress expressed in the enactment of the lending authority.

Certainly the Appropriations Committee would not be expected to limit or impair the policy established by the Congress unless circumstances required such action to carry out the will of Congress—but if such a case or cases should occur, certainly the Appropriations Committee could exercise the control retained by the Congress.

I know that this provision is not generally familiar and that it is indeed ambiguous on its face. But it seems to me the way to assure ourselves that adequate control is retained by the Congress is to get a clear understanding in the legislative history of the protection which section 203 of the bill provides.

If other Members are as satisfied as I am that it does retain proper controls by the Congress, I believe we can all feel justified in supporting this measure on a bipartisan basis now as we did 4 years ago.

Now as to the program itself, let me make a few general observations: First, we are not trying to buy friendship. We could not anyway. We are trying to create strength among free nations to keep them from succumbing to Communist control.

We have made mistakes in this program. We made them under Truman and we made them under Eisenhower, and I expect we are going to make them under Kennedy. But the mistakes are small compared to the over-all successes. We are not going to abolish the practice of medicine because some patients die. We have lost very few foreign aid patients—though I admit we are still nursing some mighty sick ones along. The quickest way to let them succumb and pass behind the Iron Curtain would be to seriously reduce this program. The best way to put them on their own feet is through the sort of development program that General Eisenhower and President Kennedy have proposed.

The way some people talk about this lending program one would think it involves a major onslaught on the Treasury. Actually the whole lending program is about one-third of 1 percent of what our country produces in a year. What we can gain with it is a gamble. We may be able to save and strengthen a dozen or a score of nations now struggling for economic progress and thus strengthen ourselves and the cause of freedom. I am willing to take the gamble.



At a time when the Congress without batting an eye adds \$5 billion or so to our military budget, I cannot imagine how we can hesitate to undertake this program which our responsible leaders in both parties say is equally vital to our national security.

The Byrd amendment and no other amendment would work which calls for approval of all projects. It is all right in Kentucky to shift a little money from the Barkley Dam to Green River No. 2. We can move money about in an internal program like this but we cannot move it from friendly country A to friendly country without upsetting the international applecart in a serious fashion.

In conclusion, Madam President, let me just say this: If we are going to continue the so-called foreign aid program, let us give it a chance to succeed. It must have not only long-range planning but long-range implementation. I know that this is not a politically popular program. I know that there are pressing needs on the homefront for each and every dollar which we will authorize or appropriate to this program. Yet I support this program, and I feel that when the vote is taken, an overwhelming majority of my colleagues will do likewise. There have been failures in the past. There has been waste. There have even been scandals. And I suppose that it is inevitable that our future efforts in this area will have its share of failures. Nevertheless, the stakes are so high that we must take the risk. I feel that the risk is lessened by granting to the administration long-range authority and long-range implementation. It is, therefore, my intention, Madam President, to vote against the amendment offered by my able and distinguished chairman, the senior Senator from Virginia.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MORTON. I am happy to yield.

Mr. FULBRIGHT. I certainly wish to commend the Senator from Kentucky for an exceedingly forceful and a very incisive speech on the pending subject. I would like to ask him one or two questions with reference to it. I particularly believe that the Senator, having had the unique experience of service on the administration end of this program as well as on the legislative side, has views that are worthy of consideration by all those who have any doubts about the long-term proposal. Does not the Senator believe that the decision on the long-term borrowing question has overriding importance, because it represents recognition by our country and by Congress that we are in this struggle with the Communist world for a long time; that it is not a struggle of 1 year; that, therefore, we have programed aid in the past on the false assumption that we might get rid of it in the next year or in the following year, and therefore we were reluctant to make this important long-term commitment. Actually, that is the decision we are making when we accept the administration's proposal. Does not the Senator agree?

Mr. MORTON. The Senator is absolutely correct. I was a Member of the House of Representatives when the Mar-

shall plan came under consideration. Those of us who voted for it, and I believe most people in the United States, thought that we would restore the industrial capacity of Europe, and things would be over, that church would be out, to use a colloquial expression. However, things change in this world. Nationalism has developed in many of these countries, and there has come to the forefront the importance of Asia and southeast Asia and Africa and Latin America; and all these things have made it abundantly clear to me that this will be a very long-term proposition. I am afraid it will be with us for a great many years.

Mr. FULBRIGHT. That is important. It has also been pointed out, and will be pointed out again, that we were promised at the time the Marshall plan was put into effect that there would be an end to aid within a foreseeable period, but now it goes on and on. Of course things have changed. The cold war had not really gotten underway at the time the Marshall plan was instituted. The original proposal of Senator Vandenberg and of the administration was, I believe, to include some of the satellite countries in the plan. We originally offered to extend the aid to them. That indicates how very early in the cold war we were at that time. We still had hopes that we could get along with the Russians and have much more agreeable relationships with them than we have had. These conditions have changed. That is the reason why the program has changed.

Mr. MORTON. There is also the great scientific development in Russia which has taken place, and that has all taken place in post-World War II days.

Mr. FULBRIGHT. It came about after the Marshall plan, or toward the end of the Marshall plan. The Senator mentioned a moment ago the Aswan Dam experience. I was considerably interested in the project. And I was told that the antagonistic attitude of the Appropriations Committee was very influential in causing the withdrawal of our support for that proposal. Is that not so?

Mr. MORTON. Yes; that is absolutely so. I can testify to that.

Mr. FULBRIGHT. I was told that that was the case. Therefore we have here an example of one occasion, the Aswan Dam project, in which the executive, which has the responsibility for our foreign relations, was pressured into damaging its position by a committee of Congress. It was not the Foreign Relations Committee, but the committee which has the responsibility primarily of making appropriations—that is, of implementing policies determined by other committees of Congress—which injected itself into the situation and forced a change in policy. I have always regretted it. The Senator will recall that I had a study made by our committee of the subject, and I have always thought, and I still think, that a mistake was made.

Congress, of course, must retain control. The Senator has already made a case for it. However, I have reservations

about the proposal to give Congress the power specifically to veto individual projects. I hesitate on practical grounds.

I cannot begin to exercise my individual judgment on overseas projects. Of course, if we Members of Congress had the requisite experience, we could evaluate individual projects. In the absence of that experience, I do not see how we can evaluate loans as they come up. I mention this only because of the Senator's reference to the proposal of the Senator from New York. I would like to go as far as possible in retaining the power of Congress. But as the Senator says, if we cut out \$51 million for administration, the reduction will have a direct effect upon whether or not a program can be carried on. Congress can make the administration halt programs, and change basic policies. I have always thought that it was wrong to do that.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MORTON. First I should like to make two comments. The Senator from Vermont made reference to Outer Mongolia. The Appropriations Committee, by having control over the amount of aid, can say, "You cannot spend any money if you are going to spend a dime in Outer Mongolia."

On the matter of the reference to the proposal of the Senator from Massachusetts [Mr. SALTONSTALL], I have been associated with him. I desire to have the chairman of the committee understand my association with the amendment. To my mind, it is a purely parliamentary procedure. I feel that the Department could live better with it than it could with the Byrd amendment.

Mr. FULBRIGHT. I have no doubt about that. I agree with the Senator.

Mr. MORTON. So I go along with him on this. If it is not necessary, I shall not push for the amendment.

Mr. FULBRIGHT. I have not taken any definite position on its acceptability. I have been preoccupied with the Byrd amendment. Whether it amounts to Congressional veto power based on evaluation by the Committee on Foreign Relations or the Committee on Appropriations or both committees, I am not certain. At any rate, I have not taken any firm position. There is no doubt in my mind that it is far less serious than the Byrd amendment.

Mr. BUSH. Madam President, will the Senator from Kentucky yield?

Mr. MORTON. I yield.

Mr. BUSH. I wish to ask the Senator from Arkansas if he will comment on the effectiveness of what I understand is a provision in the bill, the Corporation Control Act.

Mr. FULBRIGHT. The Government Corporation Control Act comes from the Committee on Banking and Currency. Section 104 was intended to provide supervision of the great Government corporations, such as the Export-Import Bank, the old RFC, the Rural Electrification Administration, and agencies of that type. It provides that programs for the expenditure of money by these agencies must be submitted to the Committee on Appropriations. First, the programs



must go to the Bureau of the Budget. They must be approved in the regular manner by the Budget Bureau. Then whatever amount is approved will appear in the budget under the relevant authority. It is then presented to the Appropriations Committee.

As the Senator has already stated, the committee, in addition to passing on the borrowing authority, also passes on all other items, including administrative expenses which are not included in the borrowing authority. Those funds must be appropriated.

The committee then considers the amount of borrowing authority. Suppose it is \$1,187 million. In my opinion, it can disapprove that amount and place a limitation in the bill and say that in the succeeding year—it cannot go back and undo what was done this year—not more than \$1 billion may be spent under the borrowing authority. In other words, the committee may limit the amount.

In the Senate, we call it a limitation on an appropriation bill. There is a great difference of opinion about the distinction between limitation and legislation. I had the clerk of the Committee on Foreign Relations consult with the clerk of the House Committee on Appropriations on this point. It is my opinion that the House has the authority to place a limitation on the amount.

When the bill was reported, the amount could be cut even more, or the authority rescinded altogether. Certainly Congress could do that. Whether such drastic action would be subject to a point of order, if some Member chose to make it, I do not know. But if he did, it could be overruled by a two-thirds vote and reinstated. In any case, there is no doubt that Congress could repeal this provision altogether next year, if it chose to do so.

The Committee on Appropriations will examine every item in the bill. It will also get quarterly reports on the operations of the borrowing authority.

So I should say there is ample authority to protect against any unwise, or at least the continuation of any unwise, policies, because it certainly should be possible to detect them in the next year so far as the making of commitments is concerned.

It is utterly useless to say in advance how any borrowing authority will be used. The Senator from Connecticut is a banker. He knows that it is not possible to anticipate every possible borrower or every purpose for which borrowing will be made. That is why selectivity is necessary in this kind of program.

Mr. KEATING. Madam President, will the Senator from Kentucky yield?

Mr. MORTON. I yield.

Mr. KEATING. I express gratitude to the distinguished chairman of the committee for his reference to the amendment which the Senator from Massachusetts [Mr. SALTONSTALL], the Senators from Connecticut [Mr. BUSH and Mr. DODD], the Senator from Kentucky [Mr. MORTON], and I have submitted. I understood the Senator from Arkansas to say that on principle he had no particular objection to it, although it might be

hard to work out in practice. I recognize that his principal interest is in an endeavor, if possible, to defeat the Byrd amendment. However, I sense, not only in this body but perhaps even more so in the House, that there is support for a greater measure of congressional oversight of the program before commitments under it are finally made. It seems to me it should not be difficult to work out the practical details.

Congress has a responsibility concerning foreign aid and other spending which, it seems to me, goes further than simply handing full loan funds and authority over to the executive branch for 5 years, without any further restriction.

In view of the urgent need, which I admit—and I compliment the distinguished Senator from Kentucky for the very fine presentation he has made of this position, as indeed I do the distinguished Senator from Vermont [Mr. AIKEN] for his presentation on the other side—it seems to me the administration, and I hope the distinguished chairman of the committee and other Senators, as the debate goes along, will give careful consideration to the procedure which the Senator from Massachusetts [Mr. SALTONSTALL] has presented as a possible midway ground upon which we could all reach agreement.

Madam President, I ask unanimous consent that I may have printed at the conclusion of my remarks the cablegram from the Secretary of the Treasury and my cablegram of response to him.

There being no objection, the cablegram was ordered to be printed in the RECORD, as follows:

Senator KENNETH KEATING,  
U.S. Senate  
Washington, D.C.

DEAR KEN: Three days here have heavily underlined overriding importance of our having authority make long-term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of Alliance for Progress which have now become basic to our relations throughout the Hemisphere. Hope these considerations will be borne in mind during Senate consideration on foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

Best wishes.

DOUGLAS DILLON.

Mr. KEATING. I have replied to the cable of the distinguished Secretary of the Treasury, Mr. Douglas Dillon, as follows:

I can understand your concern for the long-range planning features of the foreign aid bill and certainly agree that we must have an effective program that will encourage other nations to make major efforts on their own for economic development and social justice.

I believe the Saltonstall-Keating amendment would make possible long-range planning and commitments as well as a practical degree of congressional oversight on larger loans. Administration support of this amendment or its concept would do much to insure Senate passage of the long-term borrowing provision.

Mr. FULBRIGHT. Madam President, I ask unanimous consent to have printed

at this point in the RECORD a letter which is responsive to the question of the Senator from Connecticut [Mr. BUSH], so that other Senators may have the advantage of seeing it.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AUGUST 2, 1961.

DEAR SENATOR: As you know, the most critical vote on the pending foreign aid bill will probably come on an amendment by Senator BYRD of Virginia. His amendment would strike down the administration's request for, and the committee's approval of, 5-year Treasury borrowing authority to finance dollar loans for development purposes. The Byrd amendment would effect this purpose by authorizing the appropriation of \$1.187 billion in fiscal 1962 and of \$1.9 billion in each of the next 4 years—the same amounts involved in the borrowing authority contained in the committee bill.

I am sending this letter to several Members of the Senate because there seems to exist a misunderstanding of the degree of congressional control which in fact is present in the committee bill authorizing 5-year borrowing authority.

Before discussing the controls which the Congress will continue to exercise under applicable terms of the Government Corporation Controls Act, I must emphasize that the present administration and the Eisenhower administration have sought to get the loan portion of the program on a basis that would make it possible for American aid to be managed and tailored to development plans of a number of key countries, including Brazil, India, and Pakistan. This has meant that the administration needs reasonable assurance that over a period of 5 years—the duration of most plans—U.S. dollar loans will be available to help these countries get themselves on a self-sustaining basis in the hope that they may in due course help other nations which we want to grow in the pattern of freedom.

This has not been possible under the annual appropriations procedures because the availability of funds over a period of years has been uncertain and because the appropriation process itself is keyed to annual budgets rather than to longer range appropriations. The most recent example of a cut in appropriations so drastic as to reverse the substantive intent of the Congress occurred in 1959 when Congress authorized the appropriation of \$1.8 billion for development loans to be made immediately available but for use over 2 years. The amount appropriated was \$550 million for the first year, and, after two tries, the next year \$600 million was appropriated. Thus, over a 2-year period the difference between the amount authorized (\$1.8 billion) and the amount appropriated (\$1.15 billion) was \$650 million.

The Committee on Foreign Relations considered a number of techniques—including contracting authority and long-range authorization. We wanted to provide the necessary balance between reasonable assurance of fund availability for planning, on the one hand, and congressional control over the executive, on the other. We concluded by a vote of 10 to 7, as did the House committee, that the 5-year borrowing authority was the most satisfactory method of promoting our national interest. In order to assure legislative control of the 5-year borrowing authority, we required (in sec. 202(b)) that the loan program be subjected to the long-tested provisions of section 104 of the Government Corporation Control Act—an act which I sponsored in the Senate in 1945, and which I now wish to call to your close attention.

The Government Corporation Control Act provides that the President is annually to



transmit his budget for agencies covered by the act (and this includes the Development Loan Fund) "to the Congress." Congress is to consider these programs and in the words of section 104, to make "available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine \* \* \*."

Under this procedure, the Congress is expected each year to undertake two acts. First, it must appropriate funds for operating and administrative purposes (\$51 million for fiscal 1962). Second, Congress must examine the President's budget plan for the Development Loan Fund and, in accordance with past practice, will approve such budget plan or limit it as Congress finds necessary.

With respect to the first item—the appropriation of administrative and operating expenses—it is obvious that Congress can at any time limit their amount and specify their use in such a way as directly to affect the activities of the Development Loan Fund.

With respect to examination of the budget of the Development Loan Fund, Congress can approve or disapprove or limit the budget as it sees fit. Thus limitations on the development lending program can unquestionably be imposed. At the same time it is clear that it was the intent of Congress, in enacting section 104 of the Government Corporation Control Act—as would be the case in the pending bill—that limitations on budget programs would be imposed only where there are affirmative reasons for doing so, such as a radical change in the assumptions on which the authorizing law was based. Congress might thus be expected to impose limitations only for the purpose of assuring that the executive branch carries out the will of Congress with respect to the development lending provisions of the aid legislation.

I do not contend that this procedure will have no effect in limiting the authority of the Appropriations Committees and the Congress. While there will be unquestioned authority to reduce or even eliminate funds available for development lending, in practice the Appropriations Committees in the past have seldom exercised this authority with respect to such Government corporations and agencies as the Export-Import Bank. The distinction between legislation and the limitation of funds is one that is clear in theory but fuzzy in practice. The important point is that under the aid bill and the Government Corporation Control Act it is left to the Congress to determine where the line is to be drawn. In short, the committee bill does provide for restraints on the normal appropriations process, but it is self-restraint. This being so, there can be no danger of executive usurpation. Congress is being asked to give new authority to the Executive. The commitment is a real one, but it is also tentative, subject to modification or withdrawal.

In addition to these congressional opportunities to control development loans, it should be remembered that because the non-loan portion of the foreign aid program is on a 1-year authorization and appropriation basis, the Foreign Relations Committee will also have an annual necessity to review the foreign aid bill and can at that time recommend changes in the size, duration, and policies governing the borrowing authorization for development lending.

In summary, then, the enactment of the borrowing authority in the aid bill will constitute an expression of intent on the part of Congress to provide funds over the 5-year period. The executive branch will be able to make conditional commitments of these funds. In effect, the burden of initiative is shifted from the Executive to Congress. The Executive will be entitled to

assume that funds will be available while Congress, if it chooses, can reduce or withhold funds for affirmative reason.

Approval of the long-term borrowing authority will not constitute a radical break with precedent, it will not prevent the Congress from changing the direction of, or pulling up short, the loan program, it has no effect on the impact of the program on the Government budget or the taxpayer since the funds must ultimately be raised by taxation or borrowing, it will affect only about one-quarter of the funds for fiscal 1962, and it will materially improve the likelihood that the loan program can be operated on a sound, long-term basis.

Rejection of the borrowing authority, however, would have a serious adverse effect at a crucial time on the ability of this Government to influence development in a number of important countries; and it would, I believe, prevent improvement in the efficiency of the administration of the loan program which is so badly needed. In short, I believe we would be no better off under the Byrd amendment than we are under the present annual authorization and appropriation procedure.

I hope you will find this letter helpful in resolving the issue which the Congress must decide in the days immediately ahead. If I can be of any help to you in answering any questions you may have, please do not hesitate to call on me.

Sincerely yours,

J. W. FULBRIGHT,  
Chairman.

Mr. JAVITS. Madam President, will the Senator from Kentucky yield?

Mr. MORTON. I yield.

Mr. JAVITS. Certainly neither the Senator from Kentucky nor I are bridling at any legislative oversight which does not cut away the basic element of the program. When there is a veto power, and the like, we begin to get into the substantive question. We shall argue that at another time. However, there was a Joint Committee on Oversight of the ECA program. It served its purpose very well. Conceivably, there could be an oversight committee, if there is any real dissatisfaction with that aspect. We agree to that. But that is not the main point. We can satisfy anybody on that point. The main question is the substantive question of the 5-year authorization.

Mr. MORTON. Mr. President, I thank the Senator from Wisconsin for his generosity in yielding so much time.

#### LOAN OF CERTAIN MILITARY EQUIPMENT TO GIRL SCOUTS OF AMERICA

Mr. DIRKSEN. Madam President, a bill was passed by the Senate yesterday providing for furnishing certain Army, Navy, and Air Force equipment and services to the Girl Scouts for use at their encampment in 1962. An identical bill was passed by the House today.

I call up the House bill, and ask for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The bill (H.R. 5228) to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment and provide certain services to the Girl Scouts of the United States of America for use at the 1962 Girl Scouts senior

roundup encampment, and for other purposes, was read twice by its title.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

#### A GREAT DAM ON THE MIGHTY YUKON RIVER

Mr. GRUENING. Madam President, at present, investigations authorized by the Congress are going on as to the engineering and economic feasibility of a great power dam on the Yukon River in Alaska. This is the third largest river in North America, exceeded only by the Mississippi-Missouri and the Mackenzie.

The dam would be located at almost the geographical center of Alaska, in a 30-mile canyon running through mountains long known as the Ramparts. A village named Rampart, just above the canyon, has given the canyon its name. The project is known as the Rampart Canyon Dam.

It is the largest potential hydroelectric site in North America. Its installed capacity will be 4,760,000 kilowatts, 2½ times the size of Grand Coulee, the largest dam in the United States, and, at the time of its completion a decade ago, the largest in the world. Since then, it has been surpassed by two dams on the Volga River, one at Kuibyshev and another at Stalingrad.

As a member of a special subcommittee, authorized jointly by the Committee on Public Works and the Committee on Interior and Insular Affairs, to make a study of Russian hydroelectric development, we saw these two dams in the fall of 1959, as well as one of about the same capacity as the Rampart Dam, nearing completion on the Angara River, at Bratsk, in Siberia. A still larger dam, with an installed capacity of 5 million kilowatts, was under construction at Krasnoyarsk, on the Yenesei River.

The studies of Rampart were effectively launched this spring. A kickoff meeting of those vitally engaged took place in Alaska the last weekend in May. The meeting was arranged by the Corps of Engineers of the Army; and to it came representatives of the corps, of the Fish and Wildlife Service, of the Alaska State government, and seven of the eight members of the Rampart Canyon Advisory Committee. Representative RALPH RIVERS, of Alaska, my administrative assistant George Sundborg, himself an expert in the field of hydro, and author of the definitive history of Grand Coulee entitled "Hail Columbia," and I attended this 3-day meeting.

One of the members of the advisory committee, Gus Norwood, executive secretary of the Northwest Public Power Association, has written an account of this meeting which was published in the Pacific Northwest Public Power Bulletin for July. I ask unanimous consent that Mr. Norwood's article, entitled "Wings Over the Yukon," be printed in the RECORD at this point in my remarks.



Reaction slowly gathered steam until August 2. On that day, Senator STROM THURMOND, Democrat, of South Carolina, who is a general in the Army Reserves, introduced into the CONGRESSIONAL RECORD a copy of the memorandum that Senator FULBRIGHT had sent across the Potomac to the Pentagon.

Referring to what was termed "education and propaganda activities by the military, directed at the public," the Fulbright statement said this:

"The content no doubt has varied from program to program, but running through all of them is a central theme that the primary, if not exclusive, danger to this country is internal Communist infiltration.

"The thesis of the nature of the Communist threat often is developed by equating social legislation with socialism, and the latter with communism.

"This view of the Communist menace renders foreign aid, cultural exchanges, disarmament negotiations, and other international programs, as extremely wasteful, if not actually subversive.

"There are many indications that the philosophy of the programs is representative of a substantial element of military thought, and has great appeal to the military mind.

"There is little in the education, training or experience of most military officers to equip them with the balance of judgment necessary to put their own ultimate solutions—those with which their education, training and experience are concerned—into proper perspective in the President's total strategy for the nuclear age."

#### APPEAL TO PUBLIC

The military's view of the menace of the cold war, the Fulbright memorandum declared, "already has great appeal to the public. In the future it may well have much greater appeal."

In the long run, it is quite possible that the principal problem of leadership will be, if it is not already, to restrain the desire of the people to hit the Communists with everything we've got, particularly if there are more Cubas and Laoses," the memorandum continued.

"Pride in victory, and frustration in restraint, during the Korean war, led to MacArthur's revolt and McCarthyism.

"It is probably the view of most Members of Congress today that if foreign aid were laid before the people in a referendum, it would be defeated. The question arises, how will it be 5 or 10 years from now?

"The radicalism of the right can be expected to have great mass appeal during such periods."

#### THE DANGERS

If the military "is infected with this virus of rightwing radicalism," the Fulbright memorandum said, "the danger is worthy of attention.

"If, by the process of the military 'educating' the public, the fevers of both groups are raised, the danger is great indeed.

"Perhaps it is farfetched to call forth the revolt of the French generals (in Algeria, last April) as an example of the ultimate danger.

"Nevertheless, military officers, French or American, have some common characteristics arising from their profession and there are numerous military fingers on the trigger throughout the world.

"Fundamentally, it is believed that the American people have little, if any, need to be alerted to the menace of the cold war."

#### SOME RECOMMENDATIONS

The Fulbright memorandum goes on to recommend these specific steps:

Change 1958 policy: "This policy should be reconsidered from the standpoint of a

basic error—that military personnel have the necessarily broad background which would enable them to relate the various aspects of the cold-war effort, one to the other."

National War College: "If its function is, as stated, 'to enhance the preparation of selected personnel of the Armed Forces and the State Department for the exercise of joint and high-level policy' \* \* \* the questions arise whether it should operate under the Joint Chiefs of Staff, and if its administration should be so largely dominated by the military as at present."

Education of officers: "Long-range studies, preferably dominated by a board of civilian educators, should begin the development of a program for exposure of promising military officers to broader educational opportunities, perhaps requiring completion of graduate studies in history, government, and foreign policy, at universities as a condition to high ranks."

Civilian review: "With respect to the problem illustrated by the case of General Walker, it is suggested that a civilian committee be appointed to review troop education activities of military personnel from the standpoint of their necessity and, if found to be necessary, to develop procedures for bringing the content of such programs, and, if possible, their actual operation, under civilian control."

The memorandum concluded by listing 11 instances in which military personnel and facilities were said to have been used in anti-Communist programs around the Nation in recent months, attended by civilians and political figures.

#### CALL FOR INVESTIGATION

Senator THURMOND, after inserting the memorandum in the RECORD, told the Senate:

"The implication of this document goes far beyond a mere attack on our military leaders \* \* \* it is imperative that the Armed Services Committee of this body immediately undertake a full-scale investigation of this entire matter."

In his turn, Senator FULBRIGHT told the Senate:

"The memorandum was based on my strong belief in the principle of military subordination to civilian control.

"The memorandum was a personal one. The Committee on Foreign Relations did not act upon it in any way. It was transmitted to the Secretary of Defense as a personal correspondence."

The next day, on August 3, Senator RICHARD B. RUSSELL, Democrat, of Georgia, chairman of the Senate Armed Services Committee, said he planned to have a talk with Defense Secretary Robert S. McNamara about the subject of "muzzling the military."

#### WHO ELSE?

Also on August 3, Admiral Burke, asked by reporters about "rightwing military activities," had this to say:

"Who else knows as much about military affairs? Officers by training are middle-of-the-road people, not blind and dumb and stupid.

"American security is their business. They found in the Korean war that many recruits had no strong principles. And so we started teaching these youngsters to have high standards, to believe in what this country stands for. And they really believe it. You can't teach too much patriotism."

On the question of "muzzling," Admiral Burke said: "I do not think the military are muzzled. I do object sometimes to the interpretation that is put on statements by some of the people who have these instructions [to clear speeches], which they interpret very liberally and very peculiarly at times."

Officials in the Pentagon, meanwhile, were reported to be writing more directives to

limit discussions by military officers of a nature that could be called political.

Apparently the stage was being set for more controversy over the role of the military in the cold war with communism.

[From the National Catholic Action Weekly]

#### HOW TO CRACK BACK AT THE COMMIES

(By Father Richard Ginder)

Among the most sensational Communist agents who helped betray the cause of freedom in recent times were Guy Burgess and Donald Maclean. General MacArthur has stated that during the Korean war the enemy knew his military plans within a matter of hours and that, in his opinion, Burgess and Maclean were responsible. When the newsmen stopped Dean Acheson in the corridor of the State Department and told him the news that Burgess and Maclean had fled to Russia, he exclaimed, "My God, they knew everything."

These handsome, educated, attractive young Englishmen had ingratiated themselves with everyone while, at the same time, encompassing the death of thousands of American boys in Korea. Many people think that these two are guiding Soviet statesmanship today in its dealings with the West.

Of course, the Communist underground can no longer use a man once he has been exposed. But they are drafting younger men and giving them the benefit of years of successful experience in espionage. We don't know exactly who they are, but we can see the results of their work and their slogans. For example, "We must not touch off World War III" has paralyzed our country against taking any effective anti-Communist action.

We have seen how their drive to prevent us from using, threatening to use, or even testing the H-bomb, has been taken up and parroted by top scientists. "Spirit of Geneva" and "peaceful coexistence" are other catchwords profiting only the U.S.S.R.

On July 25, last year, the American Bar Association reported that:

"The greatest asset the Communists have at present time is not the H-bomb, certainly not Soviet satellites, but world ignorance of their tactics, strategy, and objectives. The biggest need today is for the free peoples to develop an awareness of the menace of communism and the ability to isolate the Communist line so that it can be detected no matter who utters it. The current Communist line includes the following:

"1. Repeal or weaken the anti-Communist legislation on the books, especially the Smith Act, the Internal Security Act, and the Subversive Activities Control Act.

"2. Discredit and hamper the Senate Internal Security Subcommittee, the House Un-American Activities Committee, and State officials investigating communism.

"3. Weaken the effectiveness of the FBI and reveal its sources of information.

"4. Destroy the Federal security system.

"5. Recognize Red China and admit her to the United Nations.

"6. Oppose the possibility of the United States breaking off diplomatic relations with Soviet Russia.

"7. Enlarge East-West trade, especially in items in short supply behind the Iron Curtain.

"8. Revive the idea that the Communist Party is just another political party.

"9. Use the recent shakeup in the Kremlin as a guise to revive the Communist peace offensive, just as a previous shakeup in the Kremlin brought about the spirit of Geneva."

The American Bar Association report then went on to list 15 key Supreme Court decisions "which directly affect the right of the United States of America to protect itself from Communist subversion."

The cleverness of slogans, smears, and Soviet agents, plus an adept use of advertisers



repetition techniques, account for much of the success of the Communist line in the United States. But their suppression of the truth has been a key factor in that success. Just as Europe has its Iron Curtain and Asia its Bamboo Curtain, here in America we have a Paper Curtain—a mysterious conspiracy of silence in the world of books and periodicals shutting out the truth on vital national issues. Patriotic American writers who refuse to follow the party line are blacklisted by the biggest publishers, barred from popular magazines, their writings kept out of school and public libraries.

"Why hasn't someone given us these facts before?" you ask as you read these columns. But I'm not drawing from personal experience. My facts are all taken from books and periodicals that can be bought—if you dig hard enough—in the open market: periodicals like the *National Review* and the *Brooklyn Tablet*; books such as the "Red Plot Against America," "The Web of Subversion," "Shanghai Conspiracy," "The Cry Is Peace," and "While You Slept."

These books should have been bestsellers. They should be in every home, in every home, in every school, public library, and bookstore. But they have all met the resistance of the "paper curtain": blacklisted by the big publishers, knifed and smeared or totally ignored by the book reviewers, barred from the libraries, and buried by the bookshops.

The most extreme example of bookburning by the leftists is the suppression of the reports of congressional committees. They are never reviewed by the various journals, never mentioned in the press. The entire library and news-gathering world treats them as if they simply did not exist. When the libraries do stock them, they do not catalog them, and you cannot find them. Whittaker Chambers has called congressional committee reports the most secret Government documents in existence today.

One flagrant example of how this "paper curtain" operates is afforded by the Katyn massacre story. When Col. John Van Vliet made his original report on this massacre back in 1945, it incriminated Stalin, contradicting that gentleman's lie that Hitler had caused these Polish army officers to be shot. But instead of publishing this fact, the Pentagon immediately ordered Van Vliet to sign an order of personal silence directing him under penalty of court martial never to mention the matter to anyone.

In April 1956, the Senate Internal Security Subcommittee issued a report entitled "Handbook for Americans: The Communist Party of the U.S.A.," telling the truth about Communists fronts. This made the left-wingers so sore that they were not content with giving it the usual silent treatment. They actually went to court to get an injunction forbidding the Government Printing Office to print it. And a Federal judge obliged them by issuing the injunction. His act was, fortunately, rescinded by the court of appeals.

The Yalta story is another classic in the suppression of truth. The State Department had been sitting on the official record for 10 years, in spite of repeated demands and appropriations made by Congress for its publication. When it was finally given out, at least 100 pages were still censored.

The books which tell the real story of the Yalta Conference and of its coverup by the State Department, such as Felix Wittmer's "The Yalta Betrayal" and Bryton Barron's "Inside the State Department" have been quietly filed behind the Paper Curtain. We are still waiting for the official records of the Cairo, Teheran, and Potsdam Conferences to be published.

We were all inspired by the heroic battle of the Hungarian freedom fighters, and many have wished they could do something to help the cause in some way. But the important

thing for each to realize is that the front line in the fight against communism is not in Europe, or Korea, or China. The front line isn't even in NATO or ICBM weapons. It is right at home in your community. It is in your libraries, in your bookshops, in your schools. It is in the reading room at your club, the waiting room of your doctor and dentist, on your own coffee table—wherever reading matter on national affairs is displayed.

I have a reading list which I will gladly send to those who are interested. Write me in care of Our Sunday Visitor, enclosing a stamp. Use it to see that informative books and periodicals are in your libraries, on public reading tables, and in your schools.

Above all, speak up. Make yourself heard, wherever you are. Write letters by the dozens to Senators, Congressmen, and editors. Keep a stack of Government postals on hand for addressing to radio and TV performers.

The cause of freedom is in our hands. Shall we be less diligent than our enemies?

[From the Savannah Evening Press, Aug. 3, 1961]

#### LET THE MILITARY SPEAK OUT

Senator STROM THURMOND, of South Carolina, has embarked upon a course of action vitally affecting all Americans in attempting to guarantee the right of men in uniform to speak up on the Communist menace.

Recent administrative actions have placed a muzzle on members of the armed services who have made public statements on the full extent of the Communist threat to America's freedoms, and Senator THURMOND thinks the Nation will be seriously damaged if these directives are allowed to go unchallenged.

The South Carolinian specifically wants the Senate Armed Services Committee to investigate attacks on officers who teach anticommunism. These attacks, he said in a Senate speech, constitute a conspiracy which must be understood and countered.

"Our military leaders would be blind if they did not recognize, and derelict in their duty, if they did not state, that communism is a total enemy which constitutes a much broader threat in its total nature than that exclusively comprised by Red armed forces," Senator THURMOND says. "Indeed, the gains by communism over peoples and territories have stemmed not primarily from military action but from other methods they have resorted to—and indeed, from our own softness, naivete and appeasement of them."

"Our military leaders are trained to know their enemy, every facet of his capability for success. In the Defense Department among military personnel lies the real bastion of knowledge and understanding of the Communist threat, an understanding and knowledge long since lacking in the White House, State Department and some other Government agencies."

"Military personnel and the American public must be fully informed on this deadly menace. If given the facts—all the facts—the American people can be trusted to make the correct assessment of the threat and how to combat it best in many ways still available to us. Suppression of the military's dissemination of this knowledge would be disastrous and completely out of keeping with American traditions."

We share Senator THURMOND's deep concern that those who would speak up against this Nation's mortal enemy are being subjected to Executive orders shutting them up and silencing their efforts to inform the American people on the true nature of our adversary.

One of America's most cherished tenets is the right of a man to speak up for his beliefs. Must Americans in uniform be called to task for speaking up against a danger they see so clearly and feel so deeply about?

#### FOREIGN ASSISTANCE AND NATIONAL SECURITY

Mr. SYMINGTON. Madam President, the bill we are debating today is intimately related to the military proposals made by the President a few days ago.

In those proposals, he has asked for approximately \$3.5 billion as a supplement to our own defense effort.

In the foreign assistance bill, the administration has proposed \$4.8 billion, and the Foreign Relations Committee has recommended about \$4.3 billion—to cover our total foreign-assistance program, military and economic, to our allies and to other nations whose independence and freedom vitally affect the national interests of the United States.

I have joined in support of the President's military proposals, with the reservation that I have deep apprehension about its adequacy from the standpoint of conventional response, both on the ground and in the air.

I have the same feeling about the foreign-assistance program as a whole, and particularly about the part of it relating to military assistance, for which the administration has asked \$1,885 million and the Foreign Relations Committee has authorized \$1,800 million, in new obligatory authority.

This sum happens to be exactly the same amount which was originally included in the Eisenhower budget of last January—after, so we were informed in testimony, a cut of more than \$500 million from recommendations of the State and Defense Departments under President Eisenhower.

And the figure is considerably below the minimum recommended by the Draper Committee, a bipartisan committee of outstanding men from both parties and from all branches of the military, who studied the needs of our aid program a year and one-half ago, at a time when world tensions were not what they are today.

In line with praiseworthy efforts to increase emphasis on economic aid, last March President Kennedy originally submitted to the Congress a figure of \$1.6 billion for military assistance.

In May, however, this amount was raised to \$1,885 million, following accumulating evidence of deterioration in the situation in Laos and southeast Asia.

Now, 2 months later, in the face of Khrushchev's explicit threats to Berlin and his actions in increasing the Soviet defense budget many billions of dollars, the bill before us still carries only the total of \$1.8 billion.

I believe any attempt to reduce that amount should be defeated.

We have heard much recently about increasing the capacity of the United States and of the free world to wage limited or local wars. I have expressed my views fully to the Senate on this many times, including remarks made only last week.

We have just recently supported un-animously the proposals of the President to increase our power to deal with limited war situations. This is all to the good. But that makes it all the



more amazing to me that there should be opposition to a military assistance program to create greater limited warfare capability among our friends.

This military assistance goes primarily to forces of allied nations in Europe, the Middle East, and Asia which are actually on the periphery of the Sino-Soviet bloc or only a short distance behind the frontlines.

These forces are actually on the lands they are prepared to defend. They are already in place, in those strategic areas in the path of Communist-bloc aggression.

I often commented adversely about the domestic military posture of the last administration, including the failure to develop, equip, and train significant forces at points where the need is real. We must now continue the new policy with vigor, and with adequate materiel and personnel.

Beside the maintenance and strengthening of our basic nuclear deterrent power, we, our allies, and all nations threatened by Communism, must resist every form of military aggression, as well as what Mr. Khrushchev calls wars of liberation—internal subversion whether or not backed by a parallel external threat.

These wars of liberation, carried out through internal subversion and paramilitary forces, have become an increasingly dangerous form of Communist aggression. We have seen what they can do in Cuba, and what they are trying to accomplish in Laos and Vietnam.

Our nuclear strength, however, because of its very great power, cannot cope with aggression of this kind. The defense of free nations against it must be fundamentally through the courage and determination of their own people. We can provide indispensable help through arms, communications equipment, transportation, and training; and these are provided for in this bill.

In short, our military assistance program plays a vital part in supporting the determination of the free world to resist Communist aggression in all its forms.

We all know that this program began with our highly successful aid to Greece and Turkey in 1947—without which those countries would surely have succumbed to communism—and that the major amounts in the early years were directed to providing the first real military strength to our NATO allies. We all know, too, that in recent years the program has shifted its emphasis increasingly to the nations of the Far East and of the Middle East, particularly those Far East nations now subject to intense pressure from the Soviet-supported Communist government of North Vietnam and from Communist China.

Most recently, the program has come to include modest amounts—less than 3 percent of the total program—to provide internal security assistance in Latin America and in Africa.

In my years of membership on the Armed Services Committee, that body has not reviewed the details of this program; and in fact the program is not defended before that committee.

But it is a program directly related to our worldwide military strategy, as well as our foreign policy, and I would hope that the Armed Services Committee will in the future concern itself more directly with this military part of the mutual security program.

I have been much impressed, however, with the thoroughness of the presentation to the Foreign Relations Committee, and with the nature of the examination that was made.

We have had available as witnesses from the Department of Defense Secretary McNamara and the Chairman of the Joint Chiefs of Staff, General Lemnitzer; also Mr. Bundy, the Deputy Assistant Secretary of International Security Affairs; General Palmer, who is in charge of the military assistance program, and the top men on their staffs. We have also listened to Secretary of State Rusk and all the Assistant Secretaries for the geographic bureaus concerned.

The information these officials have presented has been in detail, and they have provided answers to the questions asked.

I can assure the Members of the Senate that the program has been worked on with care and precision, and with the full participation by military authorities at all levels of command. It is fully supported by the Joint Chiefs of Staff, whose Chairman has testified that, dollar for dollar, the military assistance program buys as much true defense against Communist aggression as the dollars invested in our own military budget.

The military testimony before the committee also makes clear that the major countries receiving our military assistance are carrying out military missions geared to our overall strategy for countering Sino-Soviet aggression.

As we look at the world today, it is natural to ask—paraphrasing Vice President Barkley's favorite political story: "What have we got to show for it lately?"

People ask, "What good did our aid to Vietnam do?" "What have we got to show for the hundreds of millions of dollars we have provided to Korea each year?" "Why should we now be increasing our overall assistance to southeast Asia?" "Has the new administration re-thought the whole basis of our policy in supporting nations on the periphery of the Sino-Soviet orbit?"

I can assure you, Madam President, that our committee has gone into these questions deeply, and has received what seemed to me convincing answers from the administration.

As to Laos, we know that—apart from the basic difficulty of creating a nation where none had existed before—our military assistance has had its hands tied, until this very spring, by provisions of the 1954 Geneva agreements which prevented the United States from entering directly into training and full-scale advisory activity on the military side. We know, too, that, despite these limitations, our aid almost certainly prevented the Pathet Lao and their Viet-Minh friends from launching an overwhelming and successful offensive many years ago.

The same applies to South Vietnam, with redoubled force. At the time of the 1954 Geneva agreements I venture that any informed person would have bet three to one against the survival of a non-Communist Government in that country.

But we have such a government today, and it is resisting with vigor and increasing effectiveness the wholesale subversive efforts—amounting in effect to an undeclared war—conducted from North Vietnam.

The Government of South Vietnam has its faults—in which it unhappily is not alone—but it remains free, independent, and non-Communist; and this is due in large measure to our own assistance programs, both military and economic.

As for Korea, we have all been troubled at the behavior of its new government, which we hope is now moving in the direction of democracy and civilian control.

But again, the choice is not between this government and some better democratic one. We are faced with the reality of helping this government struggle, in its own way, to meet grave economic problems and a constant and major military threat.

These three countries, of much concern to the committee, and on which we have received full testimony, are only the symptoms at this time of the larger worldwide problems with which we are dealing.

As a nation, we have come a long way from our earlier beliefs that the problems of foreign policy have quick and easy solutions. We know now that we are in a long and unrelenting struggle, in which progress will not always be even, but in which we cannot afford to slacken our effort on every front where it can be brought to bear effectively.

This is particularly true in the current world situation. Does any one of us believe that Berlin will not be accompanied by Sino-Soviet threats, possibly by outright aggression, in other areas?

In a world that may mistakenly think that we are focusing too much on Berlin, is this the time to cut back on our worldwide programs directed to the independence and security of nations whose fate is inextricably tied to ours?

These, then, are the affirmative reasons that lead me to support wholeheartedly the committee figure of \$1.8 billion for military assistance.

Now let me speak briefly on some of the other matters that came up in the committee hearings. One of these is the enlargement of the internal security program in Latin America.

I have supported the committee's amendment which retains the requirement for an express Presidential determination before any internal security program in Latin America is actually carried through for a given country. The possibility that our aid may be used to support corrupt and dictatorial regimes is one that well warrants this additional precaution.

But I believe that the increased program is a necessity in the face of Castro-inspired activities in Latin America, and that we must go forward with it.



A second concern has been the management of military assistance. I have been reassured by the voluminous evidence that the safeguards recommended by the Draper Committee 2 years ago have taken real effect.

At the present time the needs of each country are submitted by the country military assistance advisory group and are then reviewed and put together by our unified commanders in the field—General Norstad in Paris, Admiral Felt in Honolulu, and General O'Meara in the Canal Zone. This system is insurance to the end that only wanted and needed equipment is delivered to a country.

Moreover, I have been impressed by the personal concern of Secretary McNamara for overseeing this entire program, the personal attention he apparently has paid to the auditing reports, GAO reports, and other management surveys that have been instituted over the years in an effort to achieve businesslike management.

As he has well pointed out, one cannot obviate all errors in performance; but I am sure we would all endorse his statement that certain management problems of the program, such as inventory control, are shared by any private business of major size.

Third, and perhaps most serious, is the interrelationship between our military assistance programs and our economic assistance. Again and again, members of the committee raised the question whether our military assistance was inducing the recipient nations to attempt military programs that were beyond their economic means, and which could only be attained at the sacrifice of the necessary long-term economic development efforts.

I deeply share this concern. There is no simple answer to it. While the present process in the executive branch does provide for concurrent review of economic and military programs by the Assistant Secretaries of State, I have been disturbed at evidences this control is not as thorough as it might be; and by the fact it does not extend fully to the activity of the ambassador in the field.

We have been assured, however, that the administration is moving rapidly to strengthen controls over the program, an issue which should be pressed at all times.

The Secretary of State put the relationship between economic and military aid very accurately in his testimony before the Foreign Relations Committee. He spoke of the "inescapable partnership between economic and social progress, on the one hand, and conditions of essential security, on the other." He added, "One cannot long exist without the other." I agree.

Two major aspects require special mention: supporting assistance and the development programs.

The first of these was recommended several years ago by the special study conducted by members of the Foreign Relations, Appropriations, and Armed Services Committees. It goes to 21 countries, of which 8 are on the very edge of the Sino-Soviet bloc.

Two-thirds of the total funds will be for those nations. They are nations which, by necessity, have military forces which impose heavy burdens on their economies.

Seven of these nations provide the United States with the sites of air and naval bases important to our own security and to the collective defense of the whole free world.

The remainder goes to countries whose loss to communism would not only be a tragedy for their people, but also would provide dangerous forward positions for Communist power.

In the past, Congress has criticized the executive branch for not shifting aid to some of these countries from grants to loans.

The proposal made in the bill before us does exactly that. Furthermore, the present program is some \$200 million below the comparable program for the same countries for last year; and it was for this reason that the request for the contingency fund was increased.

But the committee reduced the request for supporting assistance by \$131 million—23 percent—and the requested contingency fund by \$200 million—40 percent.

I personally regret these reductions, and fear we may all regret them before the year is out.

Many Senators would like to increase our development assistance. But we cannot do this safely at the expense of supporting assistance. In the present state of the world, future production should not be bought at the expense of the present safety of threatened nations.

In short, the \$450 million recommended for supporting assistance by the committee is less than will, in fact, be required.

We live in times of change and uncertainty. Old relationships are breaking up. New states and systems are being formed. If the past 12 months could have produced what has happened in Cuba, the Congo, Laos, Vietnam, and Berlin, have we any reason to think optimistically about the next year, or the next, or the next?

Will anyone dare to say today that an end to crises is just around the corner?

So the President's request in the aid program for a \$500 million contingency fund seemed sensible to me, and the Secretary of State's justification wholly convincing.

The latter told us that the President had at first planned to ask for a repetition of last year's appropriation, \$250 million. But, "As we can see from the daily headlines," he said, "the pace of events is now such that the President has indicated to the Congress that he is requesting an additional \$250 million."

We are assured that the additional fund would be used only upon a Presidential determination in each case that a sudden and extraordinary drain of regular funds makes it necessary to use this money as an emergency reserve.

Fortunately, the very turbulence which presents us with crises provides also opportunities; and in order to seize these opportunities, the President should have funds immediately available.

But here again the committee has recommended only 60 percent of the amount asked by the President.

In our day, the fundamental aim of American foreign policy is to maintain an environment in which free nations such as ours may exist and flourish.

This environment we call the free world. If that world is to gain the loyalty and adherence of the new nations, it must offer its members not only security but also opportunity.

The proposal made by the President, and approved by the committee, is a dramatic step forward in the progressive development of the policy of our Government to provide assistance toward grasping this opportunity.

It seems to me quite beside the point to argue whether we should support economic aid to less-developed countries because it is humanitarian, or the act of a good neighbor in the world, or because it is in the national interest of the United States to do so.

It is all of these. A free environment must be spacious. It cannot exist in North America alone; and it will not be spacious unless it is an environment of opportunity.

This is why three Presidents—former President Truman, former President Eisenhower, and President Kennedy—have described the economic assistance program as essential to the most vital interests which our Government seeks to serve in our foreign and domestic policy.

Nations now striving for growth include more than a third of the world's people—a billion human beings—occupying two great continents and large parts of two others.

The question is not whether those nations will make economic and social progress. They will. The great question—one of the most fundamental for the entire world during the remainder of this century—is whether they will progress as open societies in freedom, or as closed societies under Communist influence or domination.

The leaders in Moscow and Peiping understand this well. Communist economic assistance has risen from 1954, with a credit of \$11 million to the single neighboring nation of Afghanistan, to an annual total of bloc aid commitments in 1960 of nearly \$1,500 million.

Twenty-four countries are now recipients of Communist economic help. Over 6,500 Soviet, Red Chinese, and satellite technicians were in less developed countries at the end of last year.

Soviet bloc aid to these 24 countries from 1955 through 1960 totaled about \$4.8 billion—over half that from the United States. Communist bloc aid has taken all forms, but its most characteristic and effective form has been long-term commitments of substantial funds to be allocated from time to time to individual agreed projects.

Surely everyone who has thoughtfully considered the meaning to the future of our country and our people of what the Secretary of State has called "the revolution of progress" must support the program of aid for which the President has called.



This becomes even more clear when answers are given to several entirely proper questions.

What are other nations doing to help, particularly the nations of Europe whom we assisted to rebuild after the war through the Marshall plan?

What opportunity is there to be for the participation of private enterprise in this great task, and what encouragement is to be given it?

What effect will the aid program have on our economy?

What are the executive branch's plans for the most economical and effective administration of the program?

The members of the Foreign Relations Committee asked all these questions and many more.

The executive branch agrees with my own view that this is a matter in which other nations, particularly those of Europe, should help; and we can take considerable satisfaction in the success already achieved in this program. The development assistance group—now renamed the Development Assistance Committee of the Organization for Economic Cooperation and Development is its organizing center. The Foreign Relations Committee was told that the record is already one of increasing contributions from year to year on the part of the principal industrialized countries of the free world.

Germany, for example, has increased its contributions from about \$260 million in the 2-year period 1956 and 1957 to about \$1,250 million in the period 1961 and 1962. The German contribution is already close to 1 percent of Germany's gross national product—approximately the same level of contribution which we make under our aid program.

France is already making grants and loans for development, mostly to former colonies, of more than 1 2/3 percent of her gross national product.

Taken all together, the grants and loans of DAG nations is about one-half of 1 percent. Bear in mind here, however, that the percentage of a country's aid to its gross national product is not a fair index of its burden on the individual citizen for purposes of comparison with the United States, because no other country has a per capita income as much as half of our own.

If this program of aid is right and should be carried on, can we afford it?

The answer most certainly is "Yes." The whole aid program—military and economic—costs less than 1 percent of our annual gross national product, therefore is obviously well within our economic capacity.

Nor need we be concerned about its effect on our balance of payments, since at least 80 percent of the economic aid funds—and even more of the total—will be spent in the United States as long as the balance of payments situation requires it.

In my own State of Missouri we are having increasing problems of foreign competition—an experience shared, I know, elsewhere in the Nation.

If we give food or other products abroad, they will be consumed. But when we give machinery, we must recog-

nize that it is to increase production abroad, and that creates a problem. We must be properly mindful of our own industry and our own people, and therefore it is necessary to make sure that loans for development take into account the possible effects of the loan upon the U.S. economy; and there must be special reference to what is done to areas of substantial labor surplus.

Such a requirement, therefore, has been specifically written into the bill.

The most valid complaints voiced against foreign aid in recent years are in the field of administration. This administration is aware of that fact and therefore is working hard to develop an organization, and acquire personnel to improve administration, encourage economy, and eliminate waste.

The new agency will bring under one roof all aspects of the aid program. It will coordinate closely with the Food for Peace program, that program which can be of such great assistance to our own farmers as well as the hungry people of the world.

It will place full responsibility on one man for planning and carrying out the program with each country.

The President has asked, and we have recommended, the establishment of positions equivalent in rank and pay to an Assistant Secretary of State for the men who will bear these responsibilities. The tasks call for talents equal to those demanded by the highest levels of industry.

Although the salaries are not comparable to those in industry, they are livable, and I believe the challenge of these tasks which thinking people know are so essential to the Nation, will attract able men.

The central purpose of the administrative organization is to assure the success of the principal new objective of the whole program; namely, to aid nations willing to work for their own progress, so they can move rapidly toward a level of self-sustaining growth.

If this could be achieved within the time available—and time is fast running out—the consequences on man's future would be immeasurable.

In the past our country has been to people everywhere a symbol of liberty and opportunity. The President now calls upon us to meet the challenge of a new era, to lead again toward liberty and opportunity through economic progress, education, adequate food, decent housing, a chance to live to maturity and beyond. He has called for our Nation to embark on a program for a decade of development.

The development grant and Development Loan Fund in this bill are so as to enable us to do our part in getting this decade of development underway.

The development grants, for which the committee has approved the administration's request of \$380 million, will continue and strengthen our well-tested point 4 program. This will extend to the new nations of Africa and Asia aid in social and economic underpinnings of human life, already established in Latin America by our legislation in support of the Act of Bogotá.

The Development Loan Fund contains the principal new feature in the bill. We have had the Development Loan Fund for 4 years and it has demonstrated its worth. But it has never had funds adequate to the obvious needs.

Now, for the first time, the President is asking for a Development Loan Fund in an amount at least approximating the need; and available over a 5-year period which parallels the planning period for development programs worked out by the countries we are aiding.

The request is justified and sensible. I am somewhat surprised it should be seriously opposed—particularly by any of those who so often are heard to demand that the United States take the initiative to oppose the spread of Communism—for this is certainly one of the most effective actions we could possibly undertake to achieve that purpose.

It is also surprising to note that some can on one day support the President's request for funds to arm against the potentialities of Soviet threats in the Berlin crisis, but shortly thereafter withhold economic support from a measure equally essential to prevent a Soviet takeover of entire nations, over the next few years, through economic penetration.

We are ready enough to respond to crises after they are upon us; but would it not be even more wise to look ahead—to act ahead—to forestall crises before they came?

That is what the President is asking us to do now—to note that while the Soviet Union is fixing our attention on Berlin, it is at the same time continuing and accelerating its quiet and persistent efforts to penetrate and bring under its sway the third of the world's people in the less-developed nations.

Some of my colleagues who believe in the fundamental need of foreign aid are nevertheless concerned that the method of financing proposed in this bill will in some way impair proper control by Congress.

I have studied this matter to the best of my ability and am confident this fear is unjustified. The proposed legislation provides fully for the retention and exercise of congressional power.

In the first place, as Secretary Rusk and Secretary Dillon both presented to our committees, the Congress is being asked to exercise its own authority to make a national decision. That decision is for the United States to undertake a Development Loan Fund program for a period of 5 years, and to declare that for this purpose stated funds will be available to the President by borrowing from the Treasury.

After passing this legislation, the Congress does not lose control of the Development Loan Fund. Each year, should circumstances require, the Congress has authority to limit, curtail, or even revoke the lending authority, or the use of the borrowed funds themselves. Such actions could be initiated by either the Foreign Relations Committee or the Appropriations Committee.

This is true for several reasons, including two simple ones: The Congress has specifically retained this power un-



der the Government Corporations Control Act; and each year, after reports by the Appropriations Committees, reviews the authorization to use the borrowed funds.

Secondly, because the Executive must come to the Congress every year—to both the Foreign Relations and Appropriations Committees—to obtain authorization and appropriations for the grant funds, vital to the aid program.

There is no way the executive branch can escape these congressional controls. Nor is there any desire to do so.

What does this mean? It means that the Congress has and will continue to have, complete power to examine the lending program through its Foreign Relations and Foreign Affairs Committees; and thereupon to take any action it should deem necessary.

Clearly if the Congress considered it desirable to alter the development program, it could do so—apart from the exercise of powers under the Government Corporation Control Act—by a simple amendment to the bill authorizing grant aid. The President, even if he wished to veto such an action, could not do so without at the same time vetoing the indispensable aid bill.

But what of the charge that such borrowing authority is wrong because of a slogan built up around it—"back-door spending." The charge implies that this type financing will deprive the Appropriations Committees of their proper authority over aid spending.

As to borrowing authority, I have had some experience in the matter. The Reconstruction Finance Corporation was one of the first major lending institutions of the Federal Government funded by borrowing authority, and there have been more than 20 since then.

A few weeks ago the Senator from Illinois put a table in the RECORD showing that over \$100 billion of capital had been made available to Federal lending agencies through this means.

This year we have enacted three or four measures for funding this way.

Therefore, let us be frank about it. This is, in fact, the current standard accepted method of funding Federal lending activities.

In 1957, President Eisenhower, supported by Secretary Dulles and Under Secretary Herter, asked the Congress to provide this authority for the development loan funds for a 3-year period.

Twenty or so of my colleagues across the aisle supported the President then. Surely they did not oppose borrowing authority in principle. I do not believe they do so now.

The question is raised from time to time as to whether borrowing authority may be in some obscure way fiscally irresponsible, and there seems to be a widely held misconception that because this method of financing is spoken of as a public debt transaction funding of Government activities under it will somehow increase the public debt more than the same amount of funds provided under a direct appropriation.

For example, several times in recent days there has been an observation that the proposed funds were chargeable to

the public debt of the United States over 5 fiscal years or to be taken out of receipts of sale of public debt or through U.S. debt.

This is simply not the case. As the Secretary of the Treasury said in his letter to each Member of the Congress:

Borrowing authority would not require an increase in the public debt or borrowing from the public any more than any other form of funding. Whether such an increase may be necessary will depend at any given time on the overall receipts of the U.S. Government as compared to its overall expenditures. Thus, the effect of the aid program on the public debt would be exactly the same whether the program were funded by borrowing authority or by annual appropriations. Activities under the borrowing authority would be included in the annual budget just as they are for the more than 20 existing activities now financed through borrowing.

How can there be any reasonable disagreement with the assertion of the Secretary of the Treasury that this method of financing is fiscally responsible?

Opposition to this provision boils down essentially to the position—and therefore the assertion—that the American people are incapable of deciding on a policy of as long as 5 years' duration in a field where such a determination is vitally needed in the interest of our national security.

Have we come to the point where our democracy is incapable of making the decisions necessary for its own survival? I do not believe so.

I believe this Congress is capable of making such a national decision, and of exercising its traditional powers to supervise the administration of that decision by the executive branch, in order to assure that the great purposes intended are fulfilled.

Mr. FULBRIGHT. Madam President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to the able and distinguished chairman of the Foreign Relations Committee.

Mr. FULBRIGHT. I commend the Senator from Missouri for a very fine speech, not only on the military aspects of the program, but especially also with regard to the controversial issue of the borrowing authority contained in the bill.

I believe that what he had to say on page 21 of his prepared speech, about the effect of this authority on the public debt needed to be said, because there is great misapprehension in Congress and in the country about the effect of the procedure which the committee has recommended.

The Senator has rendered a great service in explaining this situation as clearly as he has explained it. I have not heard anyone else put in quite such clear language. The Senator should be congratulated.

I know that some Members of the Senate apparently have great doubt about what the effect of this particular provision would be. I hope that they will take the time to read this part of the Senator's speech carefully. If they do, I believe the Senate will be a much more responsive body when it comes time to make a decision.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. MANSFIELD. I join the distinguished chairman of the Committee on Foreign Relations in what he has had to say about the remarks just enunciated by the Senator from Missouri. I believe it should be brought out that before the Senator from Missouri came to the Senate, he made a well-earned and well-deserved reputation as one of the country's outstanding businessmen. I dare say one of the reasons, if not the main reason, for his espousal of the 5-year proposal for Treasury financing lies in the fact that when he conducted his business he did not do it on an annual basis, but over an extended period of years.

The RECORD should show that about 4 or 5 years ago the distinguished senior Senator from Louisiana [Mr. ELLENDER] brought to the attention of the Foreign Relations Committee and the Senate the fact that on one occasion under the aid program something on the order of \$700 million was allocated, reserved, or obligated within the last 24 hours of the last day of that fiscal year. In other words, it was going to be spent or reserved or allocated in some way.

That is one of the weaknesses of the yearly financing feature in the foreign aid program. If there were included a long-term proposal, greater efficiency, less waste, and a more business-like administration would be the result.

The distinguished Senator from Missouri has performed a real service in explaining that particular portion of the program, as well as others, on the floor of the Senate this afternoon.

Mr. SYMINGTON. Madam President, first I thank the distinguished chairman of the Committee on Foreign Relations for his most kind remarks about this talk. Working with him in the committee has been a unique experience, his patience and his vast knowledge of the subjects that come up, touching so many different facets of our position in the world, has been an inspiration. I am grateful to him for what he has just said.

I also express my appreciation to the distinguished majority leader, whom we all respect more and more, every day. As he is a member of the Foreign Relations Committee, it has been my pleasure to work with him also. He brought up the question, as did the able chairman, of planning. I have said before that when one plans successfully over a period of years in business, he ends up occasionally being called a genius. But when one plans successfully over a period in Government, he often ends by being called a Socialist.

I have never quite understood why it was not just as important to take care of the taxpayers' dollar as it is to take care of the stockholders' dollar. Therefore, I was especially grateful for the remarks of the distinguished majority leader and the distinguished chairman.

Mr. FULBRIGHT. Mr. President, a moment ago the Senator from Kentucky, who is a businessman, had a little colloquy with the Senator from Missouri, who is also a businessman. The Senator from New York [Mr. JAVITS] said he thought the Republicans, who are good



businessmen, should support this program. He did not know why, as good businessmen, they were reluctant to do so.

What the Senator from Missouri has just said is to the point. Many of the practices normally used in business, are called socialism when applied to government.

I thank the Senator from Missouri for his close attention to the bill. He studied the bill closely and attended the hearings as faithfully as did any other member of the committee, if not more so. He has been of great assistance to me and to the committee in the hearings and in marking up the bill.

Mr. SYMINGTON. I thank the distinguished chairman. I am confident he would agree with me that the bill before the Senate today is another weapon for the defense of the United States. As we defend this country and the rest of the free world under the leadership of the President against the advance of communism, we have here an economic weapon, a psychological weapon, a political weapon to assist us. For those good people who yearn for a better life in the underdeveloped countries we will have a spiritual weapon, as well.

I hope that the wishes of the chairman of the committee will be fulfilled in a practical and positive fashion when the Senate votes on the bill.

I thank the distinguished and able Senator from Wisconsin for his courtesy in yielding to me.

Mr. PROXMIRE. I thank the distinguished Senator from Missouri.

Madam President, I ask unanimous consent that, without losing my right to the floor, I may yield to the distinguished Senator from Connecticut.

#### AMERICA ON DISPLAY

Mr. DODD. Mr. President, the Washington Star of Sunday, August 6, 1961, published an article entitled "Who Sends the Worst?" written by Dr. Frederick Brown Harris, the distinguished Chaplain of the Senate. I hope every Senator will read the article; indeed, I hope every Member of Congress will read it. The article is written with the clarity which is characteristic of Dr. Harris. It is a forceful article about a most important question. The question is, What kind of material are we exporting abroad? What kind of production are we exporting for our friends and neighbors across the seas for them to judge us by? Dr. Harris raises some serious questions.

Madam President, I ask unanimous consent that the article may be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

##### WHO SENDS THE WORST?

(By Dr. Frederick Brown Harris)

Somebody is selling America down the river. Somebody is exporting America's worst. In pictures and plays sent abroad the image of this sweet land of liberty, displayed before the eyes of multitudes, is not only that of the "Ugly American," but also of a depraved America.

A cultured, highly intelligent American woman, who has recently returned from a 6-month world tour, sadly made this comment: "Again and again, in city after city, my husband and I saw American films depicting the seamy and degrading aspects of life in our Nation. The impressions made upon foreigners caused us as Americans to hang our heads in shame. The crowds who gaze upon such stuff have every reason to think of us as barbarians devoid of decent moral standards."

Who is responsible for this base betrayal of our democracy at the very time we are waging a global war of ideas for the minds of men? Who is back of showing the peoples of Europe, Asia, Africa, and South America, as they stand in the valley of decision, our moral slums, rather than our spiritual spires?

Some depictions on stage and screen could not better fit into the total disparaging picture the Soviets are always painting of America if they had been selected by a "board of Communists" whose goal is the destruction of our free land.

When Khrushchev was peddling his wares on our shores he was rightly disgusted when coarse and vulgar estimates of stage values were evidenced in the entertainment menu set before him. It must be said that so far as its stage art is concerned Russia sends to other lands its best—and its best is very high. They proudly exhibit the superior side of their cultural life which, by the way, is not the product of the Soviets but is as old as the czars.

It is an infamous thing to hide our best and export our worst which, for some strange reason, the best allows to go on without adequate rebuke or refutation. What is going on is a potent factor in disfiguring the real image of America in the eyes of the rest of the world.

No wonder a distinguished U.S. Senator of the stature of PRESCOTT BUSH, of Connecticut, recently arose in the Senate to lift his voice against this abominable misrepresentation. In an impassioned address worthy of the Senate at its best, he declared: "It is high time that some board or commission should be given responsibility to recommend legislation to stop exporting the very worst depiction of American life, which presents our people as being morally depraved. Because of plays such as we have discussed, and some of the salacious and immoral movies that we export to distant countries, the time has arrived for us to take cognizance of the problem. Such exhibitions serve only to liquidate the good work that is being done all over the world at the taxpayer's expense. The export of filthy and immoral performances as being representative of U.S. life is shameful."

The Senator mentioned two plays now being performed in his State and scheduled to be shown this summer in several countries of South America. He read to the Senate a letter from a woman constituent, saying: "I went to see these plays but they were so terrible that I got up and walked out. One woman said that, after it was over, she felt as if she had fallen into a pile of garbage. Now, Senator, these plays are going to be sent to South America as an example of American life. Whoever is in charge of this department must be an enemy of the United States."

From the other side of the Senate aisle came the voice of Senator FRANK J. LAUSCHE, of Ohio, who heartily joined in the conviction that through some legislation "we might be able to reach the panderers who are distributing licentious pictures throughout the world, and plays that bring upon us the hatred and shame of the people who see them. A film official from one South American state appeared before our subcom-

mittee on Latin American Affairs and said—"all the good that you do with your foreign aid program is more than destroyed by the type of pictures you are sending to our country."

Senator FRANCIS CASE, of South Dakota, honored the memory of the parsonage home in which he was reared as he added his voice to those of the Senators from Connecticut and Ohio to say that by his personal observation he had been "ashamed and discouraged at the filthy films that are being sent and shown in various foreign cities, carrying a message that is untrue so far as America is concerned. They do far more harm than we can counter by expenditures of many millions of dollars through the USIA."

All this makes the query lifted above this spire a burning question. Who among us, for personal gain, is engaging in such traitorous practices as they interpret liberty as license to betray? Whoever they are, these spiritual descendants of Judas, who for the lure of 30 pieces of silver multiplied by millions, are dealing in lewd pictures of America at its worst, must have the searchlight of an aroused Nation turned full upon them. They deserve to be publicly pilloried for an unpardonable sin.

When the world depends for its future so largely upon America's best, it is being maliciously shown America's worst. God forgive them for they know not what they do.

#### STAFF STUDY OF PUGWASH CONFERENCES

Mr. DODD. Madam President, in June of this year the Senate subcommittee issued a staff study of the Pugwash Conferences. It was a carefully researched, heavily documented report. To this I can testify personally, because I spent a good deal of time checking and editing it.

The primary purpose of this publication was to make certain essential information available to Western scientists and intellectuals who may participate in future East-West conferences.

It is important that Western representatives to such conferences be armed with the basic facts about the Soviet Academy of Sciences, about the discipline that governs Soviet intellectuals, about the manner in which the Communists have tried to shape such conferences for their own purposes. It is important, too, that they examine carefully the credentials of the chief sponsors of such conferences, because not all conferences are alike.

Whenever any such report is published, it can be anticipated that there will be attacks. The reaction to the Pugwash report was neither more nor less than par. There was the customary number of editorials assailing the subcommittee for witchhunting and for damaging the cause of international amity. The report was also assailed for making the point that Soviet intellectuals who attend such conferences do not come to them as humanistic scholars and free agents, but as intellectually disciplined agents of the Communist conspiracy.

It is noteworthy, however, that none of these editorials attempted to challenge the facts and the documentation contained in the report, because the facts and the documentation are incontrovertible.



It has been my experience that when any document is published which exposes any portion of the Communist conspiracy or Communist techniques of operation, certain editorial lights will go on not merely in this country but in certain editorial columns all over the world. Perhaps the single, most abusive editorial on the subject of the Pugwash report appeared in the *Financial Post* of Canada, reputedly a conservative paper, which is sometimes described as the Canadian counterpart of the *Wall Street Journal*.

The language of this editorial was so intemperate and the invective so crude that my first reaction was to ignore it. But then it occurred to me that the *Financial Post* is read by many thousands of intelligent Canadians to whom the tradition of fair play means something. I have therefore decided to reply to this abusive attack on the Senate Subcommittee on Internal Security and on myself as vice chairman by sending a letter to the editor of the *Financial Post*.

Madam President, I ask unanimous consent to have inserted in the *RECORD* at the conclusion of my remarks the following items:

First. My introduction to the staff study on the Pugwash Conferences prepared by the Senate Internal Security Subcommittee.

Second. The editorial of June 3 in the *Financial Post*, of Toronto, Canada.

Third. My letter to the editor of the *Financial Post*, dated August 8.

I urge Senators to read these documents, and to carefully study the staff analysis of the Pugwash Conferences prepared by the Subcommittee on Internal Security.

I believe that these documents present a particularly interesting case history of the slander and abuse that one must be prepared to endure, if one engages in the task of exposing communism or if one presents the simple facts about Soviet society.

There being no objection, the matters submitted by Mr. DODD were ordered to be printed in the *RECORD*, as follows:

#### THE PUGWASH CONFERENCES—A STAFF ANALYSIS

(Introduction by Thomas J. Dodd, vice chairman, Subcommittee on Internal Security of the Senate Committee on the Judiciary)

For better or for worse, the coming period is likely to see increasing contact between scientists of the free world and scientists of the Communist world.

Some of these contacts will take place in connection with international conferences convened by the specialized scientific societies. Others will take place as part of the cultural exchange program between East and West. Still other contacts will be fostered by cooperative scientific programs like the International Geophysical Year. Finally, there have been and will probably continue to be privately sponsored conferences at which Communists and non-Communist scientists are brought together.

In most of the contacts that have thus far taken place, the free world scientists, although they have sometimes argued strongly, have not been able to compete with their Communist counterparts. The extensive use which the Communist propaganda apparatus has made of the Pugwash conferences is proof enough of this.

The free world scientists have no central guiding political ideology. The Communist scientists have such an ideology.

The free world scientists are under no discipline. The scientists from the Communist bloc countries, when they attend international conferences, do so under the discipline of the Communist Party.

The free world scientist, brought up in the tradition of freedom of criticism, is frequently critical, and sometimes overcritical of his own government. The Soviet scientist—especially the Soviet scientist who represents his government abroad in any capacity—has been conditioned to blind obedience to government policy.

The free world scientist has been accustomed to an exchange of views with fellow scientists based on a common regard for the truth and scientific objectivity. The Soviet scientist knows from his own sad experience, that, whenever there is a conflict between scientific objectivity and Communist dogma, it is scientific objectivity that must yield.

The free world scientist comes to his meeting with Soviet scientists with an open mind, full of trust and a desire to communicate and cooperate. The Communist scientist comes to these conferences with carefully defined political directives. It is his duty to attempt to shape and exploit the conference in a manner which will best serve the ends of Soviet imperialism.

This study presents certain basic facts which should be known and understood by the scientific community of the free world so that its members will be better prepared, politically and psychologically, in their future contacts with scientists of the Soviet bloc. Given the facts, and properly prepared, the free scientist can be more than a match for the Communist scientist, precisely because he is not the captive of an inflexible political dogma.

For the purposes of this study, we have focused on the so-called Pugwash conferences, partly because of the international attention they have received, partly because they constitute an ideal case history. Within the framework of this study, we have endeavored to present the essential facts about the Soviet Academy of Sciences, and the men who dominate the academy; about the role of the Soviet scientist as prescribed by the official Soviet texts; about the manner in which the Kremlin has managed to exploit scientific conferences to further its own aggressive design and to confuse and disorient the free world; about the psychological and political techniques employed by the Communist representatives at such conferences; about the utilization of scientific contacts for the purpose of mobilizing Western scientific opinions for programs and policies that coincide with Soviet interests; and, finally, about the exploitation of scientific contacts for purposes of direct subversion.

While this study has been made primarily for the information of the Internal Security Subcommittee, it is surely not improper to hope that American scientists and scientists in other free countries will find the documentation presented here helpful in equipping themselves for their future encounters with the political scientists of the Communist world.

Much of this study was prepared before the Sixth Pugwash Conference took place in Moscow November 27 to December 5, 1960. Cyrus Eaton did not attend it. Insofar as we have been able to learn, nothing that happened at the sixth conference in any way invalidates the contents of this report. Thus, rather than rewriting substantial portions of this report to bring the account up to date, it was decided to deal with the sixth conference by incorporating as an appendix the record of a television discussion by several American participants who drew opti-

mistic conclusions from the exchange of views, and a statement written by an American participant who came away with the definite impression that the free world was hornswoiggled in Moscow.

[From the *Financial Post*, Toronto, June 3, 1961]

#### BIGOTED AND BENIGHTED

It's a pity the U.S. Senate security subcommittee, under its witch-hunting chairman, Senator THOMAS J. DODD, insists on making a silly fool of itself.

Its latest absurdity is an attack on the Pugwash conferences and their Canadian-born sponsor, Cyrus Eaton. At these meetings, held frequently since 1955, famous, Nobel prize winning American, Russian, British and other scientists have discussed the dangers of atomic war, issuing both warnings and constructive proposals.

The fatuous DODD and his friends have now brought out, as an official U.S. document, what they call an evaluation.

They say that the scientific conferences were initiated by a man of strong and unconcealed sympathy for Soviet policies, meaning Eaton. And they say that the Russian delegates, by taking a solidly Soviet line while the Western scientists acted as individual seekers after truth, managed to exploit the conferences as a propaganda device. The implication of both statements is false.

The people Eaton first invited to Pugwash for intellectual communion were humanistic scholars. The idea of bringing atomic physicists together came from Einstein and Bertrand Russell. Eaton met his first Russian, first became concerned about current thermonuclear dangers (which should concern all mankind), when this suggestion was adopted.

As to what went on at the meetings, always in camera, DODD clearly has no knowledge. He wasn't there; and his picture of a Soviet phalanx standing firm and winning propaganda battles against Western individualists in sheer fiction. The Pugwash communiques did not reflect the official Moscow line. Sometimes, as on nuclear tests, they ran counter to it.

DODD must have missed that fact; and he must have missed also the statement by Dr. Wallace R. Brode, scientific adviser to the late Eisenhower administration, about the Pugwash affairs: "Such meetings can result in more understanding between men than all the official talks at Geneva."

It's a tragedy that this so-called evaluation can appear with the U.S. Senate's authority. In a dark and dangerous world the Pugwash experiment has been an honest effort to shed a little light and bring some intelligence and goodwill to bear. But the reaction of the benighted bigots of DODD's committee is to scream "Communism."

It's very sad indeed. It's enough to make the angels weep. It makes one doubt if the human race has sufficient brains to save itself.

AUGUST 8, 1961.

THE EDITOR,  
*The Financial Post*,  
Toronto, Canada

To the EDITOR: Your editorial of June 3, which pretends to evaluate the report on the Pugwash Conferences issued by the Senate Subcommittee on Internal Security, has recently been brought to my attention.

Ordinarily, as a matter of self-respect, I do not trouble to reply to crude and ignorant abuse. In this case, however, I have decided to reply because I realize that the *Financial Post* is read by many thousands of intelligent Canadians, who share the ancient British attachment to the principle of fairplay.



ernment or in any educational institution. On the contrary, respect for the principle of local control of education is so universal throughout the Nation and in the Government that there would seem to be no just grounds for supposing that control cannot and will not be protected. The experience of hundreds of colleges, universities, and school districts that have already received billions of dollars in Federal funds without Federal controls should be ample evidence that control is not an inevitable accompaniment of Federal support.

The administration bills for assistance to elementary, secondary, and higher education have been wisely conceived in terms of need and the ability of the several States and individual institutions to satisfy that need. They represent the general concern of all the people for the education of all the people and in the national interest they bring to the level of Federal action the principle of equalization already accepted within the States. They assume that the Federal capacity for taxation should be employed for the general welfare when State and local revenue resources prove inadequate. Moreover, they are designed with full safeguards against the possibility of any control of the schools by the Office of Education. If these bills are not enacted into law it will be a great loss for the Nation, for not only will there be a deficiency of funds necessary for the improvement of the Nation's education, there will be also the discouraging evidence that the American people are not fully committed to decisive united action in the solution of one of their most crucial and pressing problems.

There is much to be said in favor of preserving our present pattern of local control of education. My own position on this matter is not dictated by any fear of the Federal Government, because I am unable to think of the Federal Government as belonging less to the people than do local governments, and the facts are quite plain that there is not less competence or integrity in Federal office than in private places or in local public office. But it is very important that the schools be kept close to the people whom they serve and that the people not only maintain a vital interest in them but assume as well the primary responsibility for their support, their operation, and their quality. Moreover, control of the schools by the Federal Government would inevitably result in a degree of standardization in curriculum and practices that would destroy much of the variety and diversity in American education that is basic to the pluralistic quality of our society. Without genuine diversity in the foundations of our culture the life of our society would lose much of its personal character and would take on the dull mechanized quality that is so characteristic of life in the totalitarian states.

Our task, therefore, is one of great difficulty for we must protect the local foundations and control of our schools while at the same time assuring that they will adequately serve the individual and the local community and region and at the same time move the Nation closer to the realization of the goals which are set for it by both its domestic and international affairs. This means that we must achieve both general and specific national perspectives on the problems of education, perspectives that will enable us to fashion our educational establishment more nearly in accordance with our common needs in manpower, knowledge, and creative talents and to bring our educational resources more readily to the solution of those large social and economic problems that will continue to face us both at home and abroad. Without such perspectives, to which we must all contribute, through private, local, State, and Federal agencies that relate either directly or indirectly to education, we will have no assurance that our educational pro-

gram will be adequate to the large tasks ahead.

We may take confidence from the fact that our educational establishment has firm foundations and that with an increasing measure of public interest and support it is moving steadily in a good direction. Nothing in the whole life of our culture justifies our pride more or is a more profound source of our strength than the intellectual freedom that characterizes the pursuit of knowledge in our schools and universities, or the universal character of our education that has brought us near a general literacy and has produced such a large measure of knowledge and disciplined intelligence. We must protect these at all costs.

Today the ugly forces of suspicion and false representation that threaten civic trust and unity are again in our midst. There are new accusations of disloyalty and there is new talk of special oaths and tests of loyalty in education. This could be the beginning of a new moral confusion in the public mind that might well compromise the precious quality of our intellectual freedom. It must be resisted with great strength, for when that freedom is lost, all is lost.

And there is a not inconsiderable reaction against the democratic character of our educational policies and practice in favor of an aristocratic philosophy of education that would lodge our confidence in a highly cultivated elite rather than in the generality of well educated people. We must never forget that the most precious qualities of our Nation are inextricably tied to our democratic education. One of our most pressing responsibilities is the achievement of greater intellectual rigor and excellence at all levels in our schools, colleges, and universities, for we must exact from our students, teachers, and research scholars an ever larger measure of achievement in knowledge and creative activity. But this can and must be done within the framework of our indigenous educational philosophy that is in principle oriented to the meaning and purposes of a democratic society.

Our schools and universities are integral to the very character of our society and our national life. Their strengths and weaknesses are strengths and weaknesses of our society. Their achievements are to the credit of the entire community, as the community must bear the responsibility for their failures. By and large the American people have received the kind of education they have wanted and have been willing to pay for in talent, effort, and money. Now with an increased sensitivity to the profound value and importance of education relative to both the internal and external problems of the Nation, they are asking for a general tightening up in the quality of our institutions and a more exacting demand for scholarly productivity. Fortunately there is good evidence that they are willing to invest a larger measure of their human and material resources to this purpose. Whatever difficulties we may face in the administration of education or in its substance, it is our responsibility now to secure for them this higher excellence and larger productivity. Nothing less than this is worthy of our abilities or of our commitment to high purpose.

#### FALLOUT SHELTERS

Mr. HRUSKA. Madam President, I noted with interest the testimony of Secretary of Defense McNamara before a House Subcommittee on Civil Defense that he plans to find fallout shelters for 50 million Americans and that he plans to stock them with food, water, and emergency supplies for 5 days. While the food rations will admittedly be austere, the prospect of their manufacture is good news for those of us who are con-

cerned about our growing surpluses of food, particularly wheat.

Mr. McNamara told the subcommittee that—

Consumption of this ration by some persons may involve some discomfort. But in the areas of highest fallout contamination, its ready availability will be essential to survival.

I have been informed, Mr. President, that the Army Quartermaster Corps, which has a research budget of approximately \$13 million annually, has been given the assignment to perfect a shelter ration. It is an appropriate assignment, since this very fine organization has been working for scores of years to improve the field ration of the American soldier. It developed the famous hard-tack of World War I, the K-ration of World War II, and since then has made remarkable progress in providing light, compact, nutritious food for our fighting men.

In its efforts, the Quartermaster Corps has the active support of the Department of Agriculture, whose research budget is 10 times greater than that of the Quartermaster Corps. The Agriculture Research Service has also developed a lightweight, high-nutrition, low-cost survival ration which has a 5- to 6-year shelf life. Another independent research effort, this one financed by the Nebraska Department of Agriculture and Inspection, has yielded a survival biscuit which shows promise and which has a shelf life, as I understand it, of about 2 years.

In addition, private researchers have been at work on this problem for some time and a number of civil defense emergency rations have been developed, one of the most versatile, I am told, being MPF, or Multi-Purpose Food, manufactured by General Mills.

Governor Rockefeller, chairman of the civil defense committee of the Governors conference, served samples of a survival biscuit to the President during a White House luncheon this spring. Mr. Rockefeller said the biscuits would keep for 10 years.

Naturally, Madam President, I am hopeful that the Secretary of Defense will take into account all of these activities in his search for a suitable ration for storage in the fallout shelters he proposes. And I trust that he will consult with the Secretary of Agriculture whose Department has done a great deal of work in this field.

I do urge, however, that Mr. McNamara consider extending the supply from a 5-day period to 14 days, since the studies made by the same committee before which he appeared showed that many areas of the Nation will still have radioactivity so intense that it will not be safe to leave the shelters at the end of only 5 days.

Madam President, as examples of the type of research the Quartermaster Food and Container Institute for the Armed Forces is engaged in, I ask unanimous consent to insert in the RECORD a list of five projects, as reported by the Institute.



There being no objection, the list was ordered to be printed in the RECORD, as follows:

The Quartermaster Food and Container Institute for the Armed Forces has/is engaged in the following studies:

(a) Long-term storage of operational rations (Georgia State experimental studies): This very comprehensive study included 7 bakery and cereal products, 14 meat and fish products, and 24 others. In general, it was determined that the storage life is greater the lower the temperature. Cereal and meat products generally require temperatures below 70° F to assure a 5-year period of storage. Foods, containers, and packaging were all embraced in this 7-year study.

(b) TM 743-20, "The Storage of Materials": This sets forth information on the storage life of frozen, heat-processed, and dehydrated subsistence items embracing bakery products, dairy foods and eggs, fruits and vegetables, meat products, fish and shellfish, and especially dairy foods and food specialties. Also included is information relative to room temperature and refrigerated storage of fruits, vegetables, beverages, bakery products, canned meats and survival packets, food oil and fats, condiments, and related products.

(c) "A Summary of Food Stability Studies"—Q.M.F. & C.I. from 1947 to 1958 (manuscript): A summary of studies was completed on beverages and confections, cereal products, dairy, fat and oil products, fruit and vegetable products, meat items, including storage stability and rate of deterioration. These studies relate to rates of deterioration under variable field conditions.

(d) "Study of Nabisco Produced Ration for Civilian Defense Use": The purpose is to determine the length of storage life.

(e) "Routine Investigation of Storage Stability": In addition to the foregoing studies the Institute has engaged continuously in routine investigations of storage stability of all classes of foods and commodities and containers of military interest. At the Institute there is constant search for means for improving processing techniques to extend the storage life of food products, as well as work on increasing utility and acceptability of items. Freeze dehydration, for example, is being investigated not only for characteristics of preservation but desirable textures and marked reduction in weight due to the removal of moisture. Improved packaging materials and techniques, are being used to reduce weight, cube, and yet give adequate protection. Tests on long-term storage of containers have involved a 3-year test of products stored in the open under tropical, temperate, and arctic conditions.

#### FOREIGN AID PROGRAM

Mr. BYRD of Virginia. Mr. President, the foreign aid bill (S. 1983) now pending in the Senate would capitalize the proposed new Development Loan Fund from the proceeds from the sale of bonds, or other forms of interest bearing Federal debt as follows: \$1,187 million in fiscal year 1962 and \$1.9 billion in each of the fiscal years 1963-66; a 5-year total of \$8.8 billion.

The Senate Foreign Relations Committee report on the bill, with respect to loans which may be made under the program, says:

Interest rates as low as 1 percent are contemplated, and some loans probably will be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods of up to 10 years.

I hope some repayments will be made, and that some interest will be paid. But using the full amount of Federal debt as it would be created for the development loan program, interest on \$8.8 billion, if computed at 3 percent and compounded annually for 50 years, would total \$29.7 billion.

The figures are shown on the table, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

#### A calculation of interest on Development Loan Fund

[Fiscal years. In millions]

	Interest on 1962 authori- zation of \$1,187	Interest on 1963 authori- zation of \$1,900	Interest on 1964 authori- zation of \$1,900	Interest on 1965 authori- zation of \$1,900	Interest on 1966 authori- zation of \$1,900	Total interest
1962.	\$35.6					\$35.6
1963.	36.7	\$57.0				93.7
1964.	37.8	58.7	\$57.0			153.5
1965.	38.9	60.5	58.7	\$57.0		215.1
1966.	40.1	62.3	60.5	58.7	\$57.0	278.6
1967.	41.3	64.2	62.3	60.5	58.7	286.9
1968.	42.5	66.1	64.2	62.3	60.5	295.5
1969.	43.8	68.1	66.1	64.2	62.3	304.4
1970.	45.1	70.1	68.1	66.1	64.2	313.5
1971.	46.5	72.2	70.1	68.1	66.1	322.9
1972.	47.9	74.4	72.2	70.1	68.1	332.6
1973.	49.3	76.6	74.4	72.2	70.1	342.6
1974.	50.8	78.9	76.6	74.4	72.2	352.9
1975.	52.3	81.3	78.9	76.6	74.4	363.4
1976.	53.9	83.7	81.3	78.9	76.6	374.3
1977.	55.5	86.2	83.7	81.3	78.9	385.6
1978.	57.1	88.8	86.2	83.7	81.3	397.1
1979.	58.9	91.5	88.8	86.2	83.7	409.1
1980.	60.6	94.2	91.5	88.8	86.2	421.3
1981.	62.4	97.0	94.2	91.5	88.8	434.0
1982.	64.3	99.9	97.0	94.2	91.5	447.0
1983.	66.2	102.9	99.9	97.0	94.2	460.4
1984.	68.2	106.0	102.9	99.9	97.0	474.2
1985.	70.3	109.2	106.0	102.9	99.9	488.4
1986.	72.4	112.5	109.2	106.0	102.9	503.1
1987.	74.6	115.9	112.5	109.2	106.0	518.2
1988.	76.8	119.3	115.9	112.5	109.2	533.7
1989.	79.1	122.9	119.3	115.9	112.5	549.7
1990.	81.5	126.6	122.9	119.3	115.9	566.2
1991.	83.9	130.4	126.6	122.9	119.3	583.2
1992.	86.4	134.3	130.4	126.6	122.9	600.7
1993.	89.0	138.4	134.3	130.4	126.6	618.7
1994.	91.7	142.5	138.4	134.3	130.4	637.3
1995.	94.5	146.8	142.5	138.4	134.3	656.4
1996.	97.3	151.2	146.8	142.5	138.4	676.1
1997.	100.2	155.7	151.2	146.8	142.5	696.4
1998.	103.2	160.4	155.7	151.2	146.8	717.3
1999.	106.3	165.2	160.4	155.7	151.2	738.8
2000.	109.5	170.2	165.2	160.4	155.7	761.0
2001.	112.8	175.3	170.2	165.2	160.4	783.8
2002.	116.2	180.5	175.3	170.2	165.2	807.3
2003.	119.6	185.9	180.5	175.3	170.2	831.5
2004.	123.2	191.5	185.9	180.5	175.3	856.5
2005.	126.9	197.3	191.5	185.9	180.5	882.2
2006.	130.7	203.2	197.3	191.5	185.9	908.6
2007.	134.7	209.3	203.2	197.3	191.5	935.9
2008.	138.7	215.5	209.3	203.2	197.3	963.9
2009.	142.9	222.0	215.5	209.3	203.2	992.8
2010.	147.2	228.7	222.0	215.5	209.3	1,022.6
2011.	151.6	235.5	228.7	222.0	215.5	1,053.3
2012.		242.6	235.5	228.7	222.0	928.8
2013.			242.6	235.5	228.7	706.8
2014.				242.6	235.5	478.1
2015.					242.6	242.6
	4,016.8	6,429.3	6,429.3	6,429.3	6,429.3	29,734.1

NOTE.—Figures are rounded and may not add to totals.

Mr. BYRD of Virginia. Mr. President, the foreign aid bill (S. 1983) is pending before the Senate. On Friday, July 28, I submitted an amendment to the bill and said that I would offer it at the proper time. On that occasion I commented on the amendment, the bill, and on foreign aid in general. Those comments may be found beginning on page 12902 of the CONGRESSIONAL RECORD.

Under the heading "Statement by Senator J. W. FULBRIGHT, of Arkansas," in the CONGRESSIONAL RECORD of Monday, August 7, beginning on page 13880, the

chairman of the Senate Foreign Relations Committee is quoted as referring to my statement of July 28, and saying:

I have asked representatives of the executive branch to go through it and comment on it. I now have such comments, and include them with this statement.

I shall analyze the so-called comment by these unidentified "representatives of the executive branch."

First I said:

This borrowing authority is the device frequently called backdoor financing because it evades the appropriation process.

The so-called "representatives of the executive branch" say:

This statement would seem to indicate that the Appropriations Committees have no review of the AID program. Such impression would be erroneous for several reasons:

(a) The Development Loan Fund is only a part of the program, and other categories are subject to the usual appropriation process;

(b) The bill does provide for review by the Appropriations Committees of the DLF;

(c) Congress could limit the use of the funds and such limitation could be proposed by the Appropriations Committees under appropriate circumstances.

The facts are:

First, I pointed out specifically other parts of the foreign aid program which are financed through annual appropriations, stated the amounts authorized in this bill, and projected them through fiscal year 1966.

Second. Of course, Congress could limit the use of the funds by statute. But use of the appropriation process in limiting expenditures through business-type budgets is difficult and largely impractical. The so-called representatives of the executive branch know this and they qualify their statement by saying that it could be done "under appropriate circumstances," and "It would be expected that the circumstances surrounding any limitation would conform with past practice, and limitations would be made only in unusual circumstances."

Second. The Foreign Relations Committee report—No. 612, on page 11—says:

The effect of the borrowing authority proposed in this bill would be to bring development lending operations more closely into line with established banking and business procedures.

I said:

I doubt that the procedures of any sound banking institution or business would allow for high risk, 50-year loans with no payment on principal in the first 10 years, at 1 percent interest or no interest at all. If there is even a Federal Government lending agency making such loans, it does not readily come to mind.

The so-called representatives of the executive branch say:

(a) The International Development Association (a subsidiary of International Bank for Reconstruction and Development) has made such a loan;

(b) The loans contemplated are not particularly high risk loans;

The facts are:

First. The International Development Association is not a Federal agency.



Second. The U.S. Government Organization Manual 1961-62, page 581, says:

IDA loans may carry lenient terms of repayment (for example, loans may be repayable in foreign exchange with long maturities or long periods of grace, or both, or repayable wholly or partly in local currency), or the loans may be made free of interest or at a low rate of interest, or they may incorporate some combination of these terms. IDA may finance a wider range of projects than the bank, including projects which are not revenue-producing or directly productive; the only stipulation of the articles is that projects shall be of high developmental priority.

Third. The so-called representatives of the executive branch apparently found that the IDA had made one high risk loan. But they do not identify it as to date, recipient, amount, interest, purpose, or in any other manner.

Fourth. The so-called representatives of the executive branch say the "loans contemplated are not particularly high risk," but they themselves add in the next sentence that "the recipients may have some difficulty in repaying in dollars, unless the terms of the loans are adjusted to meet their requirements. Because of the foreign exchange positions of the recipients, it may be some considerable time until dollar repayment can be made."

Third, I said:

The committee report (No. 612), on page 10, lists 24 past and present Federal agencies and programs financed with debt receipts, and cites their "excellent" record as an argument for capitalizing the new Development Loan Fund in the same manner.

These lending agencies are like snakes; you can not measure them accurately until they are dead. But even at this date the Combined Statement of the Treasury indicates that to describe their record as "excellent" would be an exaggeration.

Since establishment of the Reconstruction Finance Corporation—the first agency to spend out of debt receipts—the Treasury on June 30, 1960, had advanced \$106.7 billion through these accounts, and net losses at that time in cancellation of notes and appropriations to restore impaired capital totaled \$18.2 billion.

And most of the 24 agencies and programs cited in the report have been corporate entities or other so-called business type agencies. Most of their loans have been in the United States and secured by relatively good collateral. All of this is in sharp contrast with the proposed new Development Loan Fund—its organization and its operations.

The so-called representatives of the executive branch appear to claim that citation to the \$18.2 billion in net losses in describing the record of Government corporations would be an exaggeration because most of the losses have been incurred to date by two agencies—RFC and CCC.

The so-called representatives of the executive branch go on to explain that CCC losses are attributable to the fact that its activities are a part of the farm policy and that some of the RFC losses "arose out of war time and emergency relief activities."

The facts are:

First. The so-called representatives of the executive branch do not appear to challenge the figures.

Second. The losses are real and can not be explained away. The Senate Foreign Relations Committee and the administration contend that the development loan program is a part of foreign policy, and it may too become involved in emergency relief activities in one way or another.

Third. Most of the business-type agencies listed by the Senate Foreign Relations Committee report are still operating and their record will be more accurately measured when they are liquidated.

Fourth. I said:

The new fund would be headed by a part-time Committee. It would have no charter, no president, and no board.

The so-called representatives of the executive branch say:

This statement is incorrect:

(a) The function of development lending will be subject to the control and be administered by the Administrator of the Agency for International Development x x x

(b) The aid agency is charged with the responsibility of administering development loans"; and

(c) Within the agency, there is to be established an Office of the Development Loan Fund, but subject to the control of the Administrator.

The facts are:

First. On page 4, line 24: The President of the United States is authorized to make these development loans.

Second. On page 56, line 20: The President may delegate this function to any Federal agency or officer as he may direct.

Third. On page 59, line 20: Under direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance authorized by this act.

Fourth. On page 60, line 24: When the President has determined where the development loan activities are to be located, he may appoint 12 officers in the agency primarily responsible for administering part I. One of these officers is a Deputy Under Secretary of an executive department having "among the duties" delegated to him general supervision of the Development Loan Fund. Another of these 12 officers is to be an Assistant Secretary of an executive department who shall head the Office of the Development Loan Fund.

Fifth. Under existing law the Development Loan Fund is a corporate entity, but the committee bill would repeal this status;

Sixth. On page 9, line 10: A part-time interagency Development Loan Committee would be established, consisting of officers from agencies to be determined by the President. This Committee, under direction of the President, would "establish standards and criteria for development lending operations in accordance with foreign and financial policies."

Seventh. Page 9, line 22: Within the agency administering the development loan program there would be established an Office of the Development Loan Fund to "provide staff assistance to the Development Loan Committee and perform

such other functions as the President shall prescribe."

In all this diffused authority, clear-cut specific responsibility is fixed in only two places; First, the Development Loan Committee shall establish standards and criteria, and second, the Office of the Development Loan Fund shall provide staff assistance to the Development Loan Committee. However the loans may be made, the bill provides none of the elements necessary to a corporate or business-type activity. There is no resemblance to a "sound banking institution," with a charter, with a president, and with a board.

Fifth. I said I found little reason to expect substantial repayment of the loans and that they might as well be regarded as grants from the outset and provided for as such.

The so-called representatives of the executive branch say:

No basis for this belief is cited by Senator BYRD. The act specifically provides that "loans shall be made under this title only upon a finding of reasonable prospects of repayment." Failure to so find will constitute a breach of the act.

The facts are:

First. In this respect the so-called representatives of the executive branch have already answered their own comment. They themselves say:

The recipients may have some difficulty in repaying in dollars, unless the terms of the loans are adjusted to meet their requirements. Because of the foreign exchange positions of the recipients, it may be considerable time until dollar repayment can be made.

Second. The Senate Foreign Relations Committee, on page 8 of its report on the bill says:

Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods of up to 10 years. The aid agency will have flexibility in establishing terms and conditions that will reflect the capacity of the recipient country to serve its debts.

Sixth. In the fourth paragraph of my statement of July 28, I said:

Since the United States started financing foreign aid more than 15 years ago, Congress has taken the sound position that these programs involve broad foreign and domestic implications which require the effective annual review inherent in the appropriation process.

Twenty-odd paragraphs later I said:

Since the end of World War II the United States has spent a gross total of \$90.8 billion in foreign aid through June 30, 1961.

The so-called representatives of the executive branch say:

(a) The total figures for foreign aid differ, largely because of the inclusion or exclusion of certain categories of activities;

(b) The figure of \$90.8 billion apparently includes a number of activities financed by borrowing authority;

And—

(c) If Senator BYRD is going to claim this figure as our gross total of foreign aid, he cannot make the earlier statement that Congress has taken the "sound position that these programs \* \* \* require the effective



annual review inherent in the appropriation process."

The facts are:

First. The so-called representatives of the executive branch do not dispute the figures.

Second. They extended themselves to take statements out of context and combine them.

Third. The figure was labeled as a gross total for all that includes.

Fourth. The fact that some of these expenditures were financed with so-called borrowing authority does not refute the statement that as a general proposition the Congress has taken the sound position that foreign aid programs require the effective annual review inherent in the appropriation process.

Seventh. I said:

Since the end of World War II the United States had spent a gross total of \$90.8 billion in foreign aid through June 30, 1961. As the committee foreign aid bill now stands before the Senate, it would authorize the use of another \$11.6 billion in the current fiscal year, 1962.

The so-called representatives of the executive branch say:

(a) This statement is also erroneous.

(b) The committee bill authorizes for fiscal year 1962 new obligational authority of \$4.327 billion.

(c) In order to arrive at his \$11.6 billion figure, Senator BYRD adds in \$5.478 billion in funds authorized in past years and already obligated, but not spent, for past or current programs.

(d) This \$11.6 billion figure includes \$631 million and \$1 billion worth of foreign currencies; and

(e) The derivation of these two figures is not disclosed, but it would appear that neither is attributable to the bill as reported from the committee.

The facts are:

First. There can be no doubt that the reference in my statement was to spending authority in the bill. This was repeated at numerous points throughout the statement. There was never any inference that it was limited to so-called new obligational authority.

Second. The statement contained a tabulated breakdown of the authorizations contained in the bill with citations to page and line numbers. The documented table may be found on page 12903 of the CONGRESSIONAL RECORD of Friday, July 28.

Third. The table clearly shows that the committee bill would provide spending availability in 1962 of \$1.2 billion in the authorization for the development loan program, \$3.1 billion in new appropriation authorizations for the grant programs, \$5.5 billion in unexpended balances, \$0.6 billion in unused foreign currencies, \$1 billion in anticipated foreign currency receipts, and \$200 million in authority to use military stocks. The total is \$11.6 billion.

Fourth. The so-called representatives of the executive branch say the derivation of the figure of \$1.631 billion in foreign currencies is not disclosed and not attributable to the bill as reported from the committee.

Section 612 of the bill, beginning on page 51, line 21, describes and makes available for "development assistance"

certain unobligated foreign currency balances and future foreign currency receipts.

Six hundred and thirty-one million dollars of the figure I used in this respect is shown in the budget document for fiscal year 1962 in table 4 on page 1012. The remaining \$1 billion in foreign currencies, the derivation of which the so-called representatives of the executive branch say was not disclosed, is a figure of my own estimate. It is based on my own study of the foreign currency situation, and it was properly checked, and it is noted that the so-called representatives of the executive branch do not dispute the figure.

Eighth. I said:

Assuming annual appropriation authorizations at the 1962 level throughout the period 1962-66, along with other available funds, the 5-year cost of foreign aid as contemplated in this bill may be estimated at more than \$36.6 billion.

The so-called representatives of the executive branch say:

(a) This so-called 5-year cost of foreign aid repeats the errors made in the fiscal year 1962 computation.

(b) It assumes a level of appropriations for the entire 5 years: a premise which is doubtful at best.

The facts are:

First. The error contentions by the so-called representatives of the executive branch with respect to the 1962 computation are invalid, and this has just been demonstrated. The same contentions cannot be made with respect to the 5-year projections.

Second. The so-called representatives of the executive branch themselves say:

There is no question that a substantial aid program will have to be continued for a number of years. President Kennedy has spoken of a decade of development.

Third. The committee report says foreign aid is entering a "new phase," and the bill for the first time in foreign aid history ties a principal program to a 5-year plan. The public and the Congress are entitled to an estimate of what moving into long-range foreign programs is going to cost. Neither the administration nor the committee has provided such an estimate. The statement of July 28 included expenditure projections for 5 years simply to indicate the order of magnitude involved.

Fourth. The basis for the estimate was clearly shown, and the so-called representatives of the executive branch do not indicate that the projection was too high.

Ninth. I said—

Without the amendment I am offering, the new Development Loan Fund could be described as a Federal bureau authorized to increase the debt of the American people by \$8.8 billion in 5 years with few if any strings attached.

The so-called representatives of the executive branch say:

This statement might give rise to the impression that the funding of this program through borrowing authority has a different effect upon the national debt than similar funding through an ordinary appropriation. Such is not the case, etc.

The facts are:

Under the committee bill:

First. Every dollar to be spent in proposed development loans must come from the sale of Government bonds or some other form of interest-bearing Federal debt.

Second. Funds from no other source can be used.

Third. If there were a balance in the general fund it could not be used for making these loans.

Tenth. I said,

Proper consideration of this bill must take into account that the vast spending authority which it provides is coupled with 51 grants of discretionary power and 18 authorizations to disregard other laws applicable to foreign-aid activities for an indefinite period.

It is true that most of the discretionary powers given to the President and his foreign-aid appointees in this bill, like most of the authority to disregard existing laws, have been granted in some form or another in previous foreign-aid bills. But this bill is different.

Previous foreign-aid legislation has been limited to 1 year; the heart of this bill is a 5-year-loan program. I submit, the Congress of the United States has an overriding responsibility to maintain continuing and effective control over such a combination of money and power as this bill would establish.

The so-called representatives of the executive branch say:

(a) Senator BYRD rightly points out that "most of the discretionary powers" given and "most of the authority to disregard existing laws" have been granted in previous legislation.

(b) "In this connection it is interesting to note that of the purported 51 grants of discretionary power, only 5 have any specific application to the development lending function. (Others having general application, e.g., selection of personnel, do not have any impact upon the borrowing authority question.)"

The facts are:

First. The so-called representatives of the executive branch parenthetically refer to others among the 51 grants of discretionary power and 18 authorizations to disregard other laws which have general application, but they conveniently mentioned specifically only those having a general application to the selection of personnel.

Second. All of the authorizations for disregarding existing law and all of the instances in which discretionary power is granted are listed in the statement of July 28, and appear in the CONGRESSIONAL RECORD of that date on pages 12904 and 12905. All of them were taken directly from the committee bill and page and line numbers are cited.

In conclusion, to conclude their statement, the so-called representatives of the executive branch have apparently taken the liberty of revising my estimates of spending authority provided in S. 1983 for fiscal year 1962. Their revisions appear on page 13881 of the CONGRESSIONAL RECORD for August 7.

It is noted that the so-called representatives of the executive branch themselves reach a total of \$10 billion. If they had included \$1.6 billion in foreign currencies made available under the bill, their total and mine would have been virtually identical.

In their notes they complain that they "are unable to establish Senator BYRD's



source for unexpected balances from appropriation accounts." For their information the basic figures were taken from the Budget Document for 1962, and I doubt if the revisions I made, in the absence of actual yearend figures, can be seriously questioned by the executive branch.

# ORDER OF BUSINESS—ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. PROXMIRE. Madam President, on the basis of what has transpired in the last 5 hours, I think it is clear that the Senator from Wisconsin has not delayed the discussion or debate on the foreign aid bill. The fact is that I have yielded to the Senator from Massachusetts [Mr. SMITH], the Senator from North Carolina [Mr. JORDAN], the Senator from Vermont [Mr. AIKEN], the Senator from New York [Mr. KEATING], the Senator from Kentucky [Mr. MORTON], and the Senator from Missouri [Mr. SYMINGTON]; and in each case there was a fairly extended speech and colloquy on the foreign aid bill. That procedure has led to a considerable and very useful and constructive debate in the Senate this afternoon—which emphasizes the fact that my purpose is certainly not to hold up the Senate procedure on this nomination or to hold up the action of the Senate on the foreign aid bill. My purpose is to have as thorough, comprehensive, and adequate discussion of the nomination of Mr. O'Connor as is possible.

I may add that whenever the leadership wishes to set aside consideration of the nomination of Mr. O'Connor, and proceed with consideration of the foreign aid bill, of course I shall immediately cooperate, and shall be happy to do so.

Mr. MANSFIELD. Madam President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. Madam President, let me say that the Senator from Wisconsin is acting entirely within his rights as a Senator; he has been most courteous and considerate; and what he has said just now relative to yielding time to his colleagues, to permit them to speak on the foreign aid bill and on other matters is correct.

It is hoped by the leadership that the Senator from Wisconsin will be able to conclude his remarks this evening. It is my understanding that if that is done, the hour may be quite late—perhaps even extending into the morning. But I do appreciate what the Senator has done so far by way of accommodating other Members of the Senate.

At this time I should like to ask unanimous consent—if there is no objection—that when the Senate adjourns tonight or tomorrow morning, it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Madam President, again let me express the hope that the Senator from Wisconsin will be given all

the time he desires; that on August 8 or August 9 he will finish his remarks and make the record complete on the nomination now before the Senate for consideration, and that it may be possible at some time tomorrow to come to final action—perhaps a vote—on this matter, and then for the Senate to devote its attention, if possible, to the foreign aid bill, and, in between, to Reorganization Plan No. 7, which has to do with the Federal Maritime Administration, I believe.

Mr. PROXMIRE. I thank the majority leader.

Mr. GOLDWATER. Madam President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. Madam President, I ask unanimous consent that I may yield to the Senator from Arizona without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. GOLDWATER. Madam President, so far as I am concerned, the Senator from Wisconsin can keep on talking for as long as he wants, just so he does obstruct passage of the foreign aid bill. I find myself in no great rush to vote on this fantastic proposal.

Although I have never in my life accused the Senator from Wisconsin—nor do I now—of being an obstructionist, if he suddenly turned into one now, I would become one of his devout disciples.

Mr. MANSFIELD. Madam President, will the Senator from Arizona yield?

Mr. GOLDWATER. I am happy to yield.

Mr. MANSFIELD. Let me say that the Senator from Wisconsin is never an obstructionist. Instead, I find him most cooperative and understanding.

Mr. PROXMIRE. I thank the Senator from Montana.

Mr. GOLDWATER. I certainly agree with the majority leader; but I would find the Senator from Wisconsin even more cooperative and understanding, from my point of view, if what I have suggested were found to be true; namely, if it were found that in trying to hold up Senate action on this nomination, he held up passage of the foreign aid bill, in which case I think the American people would wish to erect a shrine to him.

## ACTION OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE ON THE YOUTH CONSERVATION CORPS BILL AND THE COLD WAR GI BILL

Mr. GOLDWATER. Madam President, we who stand, so to speak, on the sidelines of the New Frontier, and watch the scouts wander helter-skelter throughout their domain, are constantly surprised at what they do. I know many of these scouts; I served with them during their buckskin days. I have helped them sharpen their arrows. I have watched their quivers enlarged until they held more arrows. I have watched them shoot with some accu-

cy—and with an even greater amount of inaccuracy.

Madam President, one of the things that has amazed me about the scouts of the New Frontier is the very paradoxical way in which they look at things. I do not imagine there has ever been in this body a group more vociferous about the rights of minorities than the scouts of our New Frontier. They are the ones who constantly are trying to change the rules of the Senate, under the guise of trying to protect minorities. They are the ones who speak loud and long about integration. They are the ones who believe that the minority really should have its say.

Madam President, as a conservative, I believe in the rights of minorities. But I have become a little bit concerned about some of the activities of the members of the New Frontier in the Senate, particularly in the Committee on Labor and Public Welfare, in the last several days. I must admit that during my service in that body for the last 9 years, I thought I had seen everything that might happen in such a parliamentary body or in a subcommittee of it. But the other day a little, we might say, smoking of the pipe was done outside of the regular igloo, where we found the Democrats assembling in the outer office until they had a quorum present.

Then, without notifying the Republicans, they marched en masse into the large igloo, put their pipes down, and proceeded to pass two bills, one for the youth conservation corps, and the other the cold war GI bill.

I always thought, before I came to the Senate, that this was a deliberative body, that this was a body in which we gathered in committee, and argued back and forth until we got some kind of bill that we might not all agree on, but which, nevertheless, the majority thought was wise to report to the Senate. But, Madam President, I have become a little skeptical about the idea of this being a deliberative body. The Wall Street Journal quotes one Democrat as saying, "We have developed a new technique: Vote first and debate later."

I do not accuse all committees of performing in this manner, but in this instance, I certainly feel very deeply about the way the Labor and Public Welfare Committee rather sneaked one over on the regular corps.

The New Frontiersmen have evidently brought in a new medicine wagon. They decide what they are going to do inside the tent, and then a man stands on the back of the buckboard and peddles his medicine with all finality.

The Wall Street Journal of August 7 reported these incidents far better than I can, and, knowing the Senator from Wisconsin [Mr. PROXMIRE] wants to get on with his speech—and I may warn him I have another one after this, so he can remain seated—I ask unanimous consent that there be printed in the Record at this point in my remarks an editorial entitled "The Fine Art of Spending," from the Wall Street Journal of August 7.



There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### THE FINE ART OF SPENDING

There's been much criticism of the administration's reckless spending in these columns, and a reader whose letter appears today asks, in effect, if there hasn't been too much.

That, of course, is a matter of opinion. But, in all fairness, it ought to be made plain that the administration has no patent on irresponsibility. When it comes to prying open the Treasury for political gain, Congress is sometimes way ahead of the White House.

Take, for example, the little frolic the other day in the Senate Labor Committee. Just for laughs, the Democratic majority got things rolling before Republican members appeared. Skipping debate, the committee breezily approved in just 3 minutes a pair of multibillion dollar boondoggles so outrageous that even the administration opposes them.

One is the proposed Youth Conservation Corps, a retreat of the old CCC of New Deal days. The administration would like a corps of 6,000 youngsters. The Senate Democrats thought that figure niggardly. So they approved a corps 25 times larger—ultimately numbering 550,080—at a 4-year cost to the taxpayers of \$525 million.

Next came the so-called cold war GI bill, which doesn't even carry a comprehensive price-tag. As passed by the committee, it provides for peace-time servicemen the same Government benefits extended to veterans of World War II and the Korean War. "Free" higher education for draftees would cost an estimated \$3.4 billion over 12 years; nobody knows what housing, rehabilitation and the rest would cost. Nor did any committee member seem to care.

As one Democrat quipped, "We've developed a new technique: Vote first and debate later."

Congress has indeed refined the technique of legislating without thinking. Because of administration misgivings, the two giveaways described above may not become law. Then again, they may very well; equally irresponsible legislation has been whooped through Congress already this year.

Perhaps the most reckless was the \$5.6 billion omnibus housing bill. The handling of just one part of that package of political goodies—title V subsidies for local water, gas and sewage plants—shows the technique of big spending raised to the level of artistic virtuosity.

Originally, the administration thought \$50 million would do for these "community facilities," and that's the way the provision came out of a Senate committee. On the floor, the Senators raised the ante to \$300 million and earmarked \$180 million for loans to improve mass transportation. As the housing bill swept to passage, Senator Russell remarked: "The Senate no longer reckons any program in terms of dollars. I know it would not make any difference if there were \$99 billion involved. The Senate would vote it with a 'hurrah.'"

In this case, the House had the last hurrah. That Senate figure of \$300 million for "community facilities" quickly ballooned to \$500 million. Even that wasn't enough for the congressional spenders. In the final compromise version of the housing bill, title V was allotted \$650 million—a fat \$600 million more than the administration's first generous request.

Almost daily, there's the same bidding up of bills thought to be politically profitable. In both Houses, Senator RUSSELL's observation applies: Dollar signs dissolve and disappear before eyes that are glazed by the votes to be got among farmers, old folks, city dwellers, suburbanites—anybody at all.

So what if it takes millions and even billions to try to capture them? It's only money.

This also seems to be the sentiment of the reader who takes us to task for allegedly allowing Government spending to monopolize our thoughts. Look beyond the squandered billions, he says, and pay heed to the really important business of "resistance and survival" against the Soviet threat. But reckless spending and pyramiding of Federal debt obviously weakens the economy on which the Nation's defense depends. And it also may lead a determined foe to dismiss our occasional talk of resisting as mere words, not to be taken seriously.

So we plead not guilty to the charge of overconcern with wasteful Government spending. For we fail to see how the threat without and the frivolity within can be neatly separated.

Mr. GOLDWATER. Madam President, if the Senator from Wisconsin will yield for 3 or 4 minutes—

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. MANSFIELD. The Senator has made reference to a statement carried in the Wall Street Journal, in which a Democrat is quoted as having said something to the effect that what we ought to do is vote first and debate later.

Mr. GOLDWATER. He did not say we should. He said that is the new technique. The New Frontier has to have a new technique.

Mr. MANSFIELD. I plead guilty to that statement, which was offered jocularly, in fun, and admit the fact that I did so only because a Republican spoke to me and said, "Why don't we vote first and debate later on this particular measure?" I think we should have a few lighthearted moments in this body, and that, so far as I know, is the genesis of that particular statement.

Mr. GOLDWATER. I will say to my good friend from Montana that some Republicans have faint hearts, and they recognize that we are in the minority and take the attitude, "If we are going to take it anyway, we may as well smile and take it now." But the junior Senator from Arizona, frankly, having been in the majority position in this party only twice in 9 years, has found the minority position to be a rather exhilarating one. In fact, I am looking forward to the day when I can write a majority report. I think I am becoming the finest minority report writer in the Senate. It is rather difficult when one has to write a minority report of the minority, I might say. But I do not know if I can criticize my Democratic friends. I think we were roundly criticized in 1954 for pursuing what the Democrats said were the same tactics. In other words, they used blunt language. This was before the refinements of Harvard, I might say. This was before we brought politics up to the society page. We were charged with railroading. Today it is a new technique. So we possibly have something to be obligated to Harvard for in cleaning up the general language of politics, although I really like such terms as "pork barrel" and "railroading," instead of "crisis" and "new technique."

#### TENNESSEE VALLEY AUTHORITY

Mr. GOLDWATER. Madam President, on another subject, I have before me a press release from the White House dated July 11, 1961, and an article from the Washington Post of July 12, 1961, written by Staff Reporter Carroll Kilpatrick. Both the press release and the Post article are about the Tennessee Valley Authority.

TVA has introduced a new rate schedule which it will permit distributors selling TVA power to use, and the 100th birthday of the late Senator George W. Norris was used as the occasion for making the announcement. The new rate has been christened the "Norris Centennial Rate."

Madam President, I would be the last person to detract from the commemorative ceremony of the late Senator Norris. Although I was not privileged to know the late Senator, I am sure he was a great humanitarian—a great statesman. But I wonder if the TVA of today, of which Senator Norris is called the father, is what the Senator visualized.

TVA has never paid its fair share of taxes. Now I do not think that George Norris thought that some citizens should be taxed and others getting the same service or buying the same product should be excused from paying taxes. On May 1, 1933, in debate on the Senate floor the Senator said:

I realize what can be said to the effect that the Government should not be taxed; but in carrying out this governmental purpose, incidentally we shall sell some power and make some money out of it; and when it comes to revenue, it does not seem to me the Government ought to be in any different position from any ordinary taxpayer.

Let us see what that statement by the late Senator means, Madam President.

In carrying out this governmental purpose incidentally we shall sell some power and make some money out of it.

Did the Senator visualize TVA as a giant Federal power monopoly with 75 percent of its power production from steam capacity? He said "incidentally we shall sell some power." That to me means that electricity was to be an incidental byproduct of the TVA development—not the primary function, as it is today. He also said it should not be "in any different position from an ordinary taxpayer." Is that what TVA is today? Certainly not. It pays far less in lieu of State and local taxes than would private industry, and absolutely nothing in Federal taxes.

In further debate the Senator said:

The bill which passed the House provides that the corporation shall go into the manufacture of fertilizer on a commercial scale, and sell it. There is no such provision in the Senate Committee bill. I want to say to the Senate, and particularly to the Senator from Utah and to the Senator from Maryland, that I have never favored the Government going into the fertilizer business as a commercial operation. In the first place it is unjust to the taxpayers of the balance of the country. I do not believe it is right to take Government money out of the Federal Treasury, set up a fertilizer plant, and go into the commercial business of manufacturing and selling fertilizer. If that were



That was a few years ago. Then, Mr. Engler writes:

If this approach catches the spirit of democratic government, it also represents the rationale of modern public relations. Viewed together with oil's entrenched position within government and oil's activities in what is more narrowly viewed as politics, it provides a key to understanding the political behavior of oil. For public relations is a first line of defense of the organized economic power of the oil industry.

There was nothing new about oil's interest in public relations. It had existed in some forms from the early days of the industry. But there was little need to be defensive in the robber baron period when predatory business practices were judged to be harmonious with the Constitution, natural law, and human nature. America was expanding, and oil was an integral part of that growth. There was no time for democratic or Christian niceties. As John D. Rockefeller, Jr., once explained to a Sunday school class. Standard Oil's place illustrated Darwin's survival of the fittest: "The American beauty rose can be produced in the splendor and fragrance which bring cheer to its beholder only by sacrificing the early buds which grow up around it. This is not an evil tendency in business. It is merely the working out of a law of nature and a law of God."

Of course, that is a happy way of looking at the progress and the success of the great Standard Oil Co.

Mr. DOUGLAS. Mr. President, will the Senator from Wisconsin yield?

The PRESIDING OFFICER (Mr. Hickey in the chair). Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. PROXMIRE. I yield.

Mr. DOUGLAS. Was not that a misinterpretation of the Darwinian theory of natural selection—that life was a struggle, and that in that struggle the fittest survive, and that therefore those who survive are the fittest, and that no one should interfere with that process, lest such interference result in survival of the inefficient?

Mr. PROXMIRE. I agree it was a fantastic misconstruction of the Darwinian theory. The Darwinian theory should also be applied to society as a whole. If a society is to survive, it must have the wisdom to restrain its destructive impulse.

Consideration of the Darwinian theory shows that society has within it some very vicious forces, which destroyed many of the family businesses or the small competitive units which had made it possible for society to progress. I think anyone who considers the practices of the great Standard Oil Co. before it was dissolved, and at least before the turn of the century, realizes that the fantastic competitive practices in which it engaged could not possibly be justified.

Mr. DOUGLAS. Is it not true that the Darwinian theory misconstrued many of the important aspects—in other words, that the saber-toothed tiger was not the only survivor. The social animals which were able to cooperate also survived. Therefore, cooperation between individuals—mutual aid—has been extremely important in the ultimate determination of who would survive; and, therefore, in one

sense it is the relatively meek who inherit the earth.

Mr. PROXMIRE. I think that analysis by the Senator from Illinois is absolutely correct.

The notion—which, unfortunately, I think still prevails in the viewpoints of some persons—that an interpretation of Darwinism that any group which can succeed, regardless of the tactics it uses and regardless of the consequences to society as a whole, is somehow serving society as a whole, is certainly fallacious. Instead the continuation of such destructive and vicious practices for so long a time certainly damaged and hurt America, rather than helped it.

#### THE FOREIGN AID PROGRAM

Mr. DOUGLAS. Mr. President, I wonder whether the Senator from Wisconsin would be willing to yield to me for a few minutes, so that I may discuss the foreign-aid bill, if it is understood that in yielding for that purpose he will not lose his right to the floor.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield for that purpose, and that the remarks of the Senator from Illinois will follow mine in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, thus far I have not taken part in the debate on the foreign aid bill, and it is not my intention to speak at great length in regard to it.

However, I should like to discuss one feature of it, namely, the necessity for long-term authorization of the loan feature of the foreign aid bill.

I think we wish to draw a very sharp distinction between grants and loans. Grants are amounts appropriated annually, to be expended annually. Therefore, they should be subject to the appropriation process, and should be subject to annual scrutiny, review, and action, not only by the House Appropriations Committee and the Senate Appropriations Committee, but also by both bodies of the Congress.

Loans, however, are in a different category. These are not outright expenditures in the ordinary sense. They are amounts which the Government loans to others with the understanding that the principal with interest is to be repaid. They are, therefore, assets of the Federal Government.

It is the practice of private business, or was the practice of private business in the past, to finance the major portion of capital investments by bond issues. A corporation would borrow money from the public and then invest the money in machinery, plant, and equipment, and in making it a more productive business enterprise.

Therefore, it has always seemed to me that we should follow the practice of private industry and, while we should have very close scrutiny over annual appropriations, and they should be met out of current revenues, this restriction need not, and indeed should not, apply to loans.

This issue arose when we discussed the area redevelopment bill. The House provided that the sums included for loans to private concerns—some \$200 million, plus the \$100 million to be loaned to local governments—were to be subject to annual appropriations. The Senate took a different point of view, and regarded them as capital assets which need not be subject to annual appropriation, and, instead, provided that the Government might borrow these sums and then reloan them at a rate of interest higher than that paid on the sums which were originally borrowed. There was a conflict of opinion on this question.

The conference committee decided—and both the House and Senate upheld the conference committee—that while appropriations should be the normal method of providing for grants, loans to be repaid with interest need not be financed out of annual appropriations, but could, instead, be financed by bond issues.

An attempt has been made to cloud this issue by referring to such a procedure as back-door financing. I think that is a term of opprobrium intended to discourage the practice; but we have already pointed out in the RECORD—and I believe the Senator from Arkansas did so in detail—that there are approximately 30 acts of the Congress under which this system of financing is used, and that well over \$108 billion of loans have been made in this fashion.

In the proposals which, as I understand, the administration and the Committee on Foreign Relations are ready to make, there is ample opportunity for congressional oversight and supervision. But if each expenditure for a power dam, or for a housing project, or for a textile mill, or for agrarian reform is to be subject to congressional appropriation, it will never be possible for the officials administering the foreign-aid program to know in advance what Congress will do, and they, therefore, will not be able to make the commitments which are necessary to carry these projects through.

To construct a modern dam requires a considerable passage of time. It requires years. If such a project can be stopped in any one year by the refusal of Congress to appropriate, a tremendous amount of capital can go by the board, and it will be impossible to make any long-range effective program.

I hope very much, therefore, that on the amendment which I understand the Senator from Virginia intends to offer we may have a clear register of opinion. A vote to require annual appropriations will be a vote, in reality, to hamstring the foreign aid program. I hope very much that it will be rejected, even though, of course, we realize that the motives behind the offering of the amendment are extremely good.

I think the events of the past few days, particularly the extremely belligerent speech of Mr. Khrushchev of yesterday, should convince us that we ought not to flag in our efforts to check the Communist menace.



As we all know, approximately a third of the world is under Communist control, a third of the world is committed to free and democratic institutions, and approximately a third of the world wavers between these two conflicting philosophies. This so-called neutral or undecided third of the world consists, in the main, of the new nations of Asia and Africa, together, unfortunately, with a growing number of Latin American countries.

We are not going to be able to coerce these people into our camp. We must show them that our way of life offers a greater prospect for peace, prosperity, freedom, and development than the Communist way of life.

These nations are, in general, poor nations. They need to have their standard of living raised. While the relationship is not invariable, nevertheless, it is true, on the whole, that the more prosperous nations are less subject to the temptations of communism.

It is quite apparent that Russia is in the foreign aid business and that she will try to use foreign aid in order to win over these nations. While we need not, and should not, enter into an auction system with Russia, trying to outbid Russia for the aid and support of these countries, we should also realize that if we abandon the field, and turn over the whole question of international development to the Communists, they will gain very greatly in the neutral and uncommitted third of the world, and may, indeed, make inroads in the third of the world which at present is committed to us.

So I hope that we may keep a steady course in the days and weeks which are ahead, that we may remain united, that we may have a stern determination to defend freedom, whatever the cost may be, and that we also will seek, in a practical manner, to obtain allies and develop friends.

I know that many people say one cannot buy friendship. This, in a sense, is true. If we are merely bartering for friendship, we do not obtain it. It is also true that the only way to win friends, as someone once remarked, is to be a friend. Acts of creative kindness and generosity which are practical win friends. We know this to be true in our individual lives. We know it to be true also in the relationships between nations.

I have spoken on these points in the hope that the RECORD may show my feelings; and, in all probability, I shall not take part in the discussion again.

Mr. PROXMIRE. Mr. President, I thank the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I yield the floor.

#### FEDERAL POWER COMMISSION

The Senate resumed the consideration of the nomination of Lawrence J. O'Connor, Jr., to be a member of the Federal Power Commission.

Mr. PROXMIRE. Mr. President, I was discussing the article by Mr. Engler entitled "The Sweet Smell of Oil." Mr. Engler said:

There was nothing new about oil's interest in public relations. It had existed in some forms from the early days of the industry. But there was little need to be defensive in the robber barons.

#### STANDARD OIL PREDATORY

I read that section. I discussed with the distinguished Senator from Illinois social Darwinism and the misconception of it by the defenders of the practices of the Standard Oil Co., which had been so predatory and so destructive.

Mr. Engler went on to say:

If the rules of the game were rough, presumably, however, the citizen-consumer has always been the gainer. But the mounting organized reaction to monopoly, which found its focus in Rockefeller, together with the uneasy popular awareness that the American dream of equal opportunity for all did not quite square with urban and corporate realities, served to turn the industry to the business of achieving mass approval for its practices as well as its products. Early public relations efforts, essentially drum beating for sales, were adapted to dispelling the image of Rockefeller as a "bad" man. Ivy Lee, hired after the Ludlow massacre, is frequently hailed as the father of modern public relations because of his tactics to make the Rockefellers palatable through emphasis on community deeds. The next stages involved modifying the image of the individual oil company as "bad." Measures were taken to remove the curse from the name "Standard" as well as to make clear that all oil was not "Standard." Today the integrated companies have vast public relations programs geared to their individual needs as well as industry-wide problems.

In its most sophisticated stage, the public-relations approach has been to assure the Nation that the industry and the economic system within which it functions are not bad, that oil's needs and values are harmonious with those of the American people. There has been a counterpart in American industry's general drive to merchandise the label "free enterprise"; this was created to replace such terms as "competition" and "private enterprise" which seemed so obviously incongruous as descriptions of a highly concentrated industrial bureaucracy.

Once oil recovered from its depression scares of the early thirties, when its leaders even pleaded with the dangerous New Dealers for tight regulations under a Government "czar," like much of American enterprise its major spokesmen realized with horror how perilously close they had come to being an accessory to their own socialization. Never again would oil so abdicate. The API redoubled its cooperative endeavors toward corporate self-government. Public relations were intensified, with big government in general and the New Deal in particular prominent targets.

Oil companies prospered greatly during World War II and their economic positions seemed solid. But there was concern about their postwar relations with Government and the public. The disclosures about Jersey Standard's dealings with I. G. Farben, for example posed a public-relations problem beyond that of one company, even though much of the press played down the charges. Harold Ickes related how the president of one leading oil company told him that the industry would never be able to get over the scandal. When the story first broke, the executive's wife called him from across the continent to ask him if he could get out of oil and go into some "decent" business.

Oil no longer had a formal industry public-relations program, its API committee having been disbanded in 1940 because of fear of inviting further antitrust action.

A new public-relations committee was formed and in 1946 the API listened to their report based upon a "scientific" analysis of what the public thought of oil, as gleaned from some 10,000 interviews.

#### PROPAGANDA CAREFULLY PLANNED

This became the new approach of the oil industry, and it was another indication of the extremely effective, thoughtful, and successful adaptation the industry made to promote effective public relations. The oil industry based these public relations on a series of very scientific public opinion polls in which they learned what people were thinking and aimed their appeal, literature, theme, or propaganda, or whatever we wish to call it, at that opinion.

In 1946 the API listened to their report based upon a scientific analysis of what the public thought of oil, as gleaned from some 10,000 interviews.

"Those who know you well think well of you" was the Opinion Research Corp.'s theme. "There is no indication of the need for a defensive approach. While the public is willing to accept mistaken ideas about the industry, only small percentages at present have convictions hostile to the industry." There were few public complaints about prices and many compliments about service. But there were three critical areas where the industry lacked support: the widespread impressions that oil holds back new developments, that the companies get together to fix prices and that the industry was essentially a monopoly with little competition.

This, of course, was due to inadequate information and understanding, primarily on the part of those who did not know the industry, assured the study.

#### The study stated:

The public's great lack of knowledge and absence of opinion about the oil industry is at once your opportunity and vulnerability. No industry ever had a clearer guide to action. When people have no definite opinion about a subject an opinion vacuum exists which is easily filled by the first plausible idea that comes along. Those minds that now present an opinion vacuum on facts and ideas of major importance to the future welfare of the oil industry can be swayed to either friendly or hostile attitudes depending on which plausible story they hear first.

#### Mr. Engler continued:

As an illustration the study pointed out that when people were asked how retail gas or oil prices were decided, 56 percent indicated they did not know.

#### PUBLIC GIVEN FEW PLAUSIBLE FACTS

That is more than half. Obviously this is the basis for the charge that there was an opinion vacuum.

Fifty-six percent indicated they did not know, 13 percent said "they get together" and 31 percent gave some kind of competitive answers. But when asked which of the statements presented came closest to their own idea, 57 percent chose "the oil companies get together and set prices for their products" while 31 percent marked "each company sets its own prices to meet competition."

This proved the need to rush in to fill the vacuum by giving the public a few plausible facts about oil. "And if, while convincing them that there are (1) a lot of companies, (2) competing to serve them better, (3) making a lot of products that make life better, (4) treating employees, dealers and customers fairly, (5) making a moderate profit by dint of good management, you can









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
(For information only;  
should not be quoted  
or cited)

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For actions of August 9, 1961  
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**HIGHLIGHTS:** Senate committee reported farm labor bills relating to child labor, educational facilities, contractors of farm labor, health services, and Council on Migratory Labor. Senate debated foreign aid authorization bill. House received conference report on defense appropriation bill.

## SENATE

**FARM LABOR.** The Labor and Public Welfare Committee reported the following bills:  
p. 14159

S. 1123, with amendment, to exempt migratory labor children above certain ages from the child labor provisions of the Fair Labor Standards Act of 1938 (S. Rept. 696).

S. 1124, with amendment, to provide Federal assistance in providing improved educational opportunities for children of migratory farm workers, amended to include the amended text of S. 1125, to provide Federal assistance for the adult education of migratory farm workers (S. Rept. 698).

S. 1126, with amendment, to provide for the registration of contractors of migratory farm workers (S. Rept. 695).

S. 1130, with amendment, to authorize the Public Health Service to make grants for improving health services and conditions for migratory farm workers (S. Rept. 699).

S. 1132, with amendment, to provide for the establishment of a National Citizens Council on Migratory Labor (S. Rept. 697).



2. FOREIGN AID. Continued debate on S. 1983, the foreign aid authorization bill. pp. 14164-5, 14169-79, 14195-6
3. TRANSPORTATION. The Commerce Committee reported with amendment S. 1368, to continue the authority for licensing independent ocean freight forwarders (S. Rept. 691). p. 14159
4. PERSONNEL. The Subcommittee on Retirement of the Post Office and Civil Service Committee voted to report to the full committee without amendment H. R. 6141, to limit to cases involving the national security the prohibition on payment of annuities and retired pay to officers and employees of the United States. p. D683
5. WATER RESOURCES. Sen. Dworshak discussed the "controversy" over water resource development in the Northwest and the need for ratification of the U. S.- Canadian International Columbia Basin Treaty, and inserted an article discussing this matter, "British Columbia Frustrates Americans Also." pp. 14168-9

HOUSE

6. APPROPRIATIONS. Received the conference report on H. R. 7851, the Department of Defense appropriation bill for 1962 (H. Rept. 873). The item providing \$207,600,000 for civil defense activities was reported in disagreement. pp. 14198-200
7. ASSISTANT SECRETARIES. Passed without amendment S. 1815, to provide for one additional Assistant Secretary of Labor. This bill will now be sent to the President. A similar bill, H. R. 6882, passed earlier, was laid on the table. pp. 14201-10
8. BONDS; CONTRACTS. Received from GSA a proposed bill "to amend the act of April 29, 1941, as amended, to authorize any Federal agency to waive performance and payment bonds"; to Judiciary Committee. p. 14259
9. PURCHASING; BIDS. The "Daily Digest" states that the Subcommittee on Executive and Legislative Reorganization of the Government Operations Committee "ordered reported favorably to the full committee H. R. 4570 (amended, a clean bill to be introduced), to provide for public information and publicity concerning instances where competitors submit identical bids to public agencies for the sale or purchase of supplies, equipment, or services." p. D684
10. MINING. The Interior and Insular Affairs Committee voted to report with amendments (but did not actually report) H. R. 84, to stabilize the mining of lead and zinc by small domestic producers on public, Indian and other lands. p. D684
11. SALINE WATER. The Interior and Insular Affairs Committee voted to report with amendments (but did not actually report) H. R. 7916, to expand and extend the saline water conversion program being conducted by the Secretary of the Interior. p. D684
12. BROOMCORN. Rep. Chenoweth discussed the plight of the broomcorn industry, and said, "Broomcorn is a most important crop in southeastern Colorado, and I am anxious to see our broomcorn growers obtain a fair price." p. 14217
13. FOREIGN AID. Rep. Meader said, "if H. R. 8400, the 1961 foreign aid bill, is not substantially improved and strengthened during its consideration by the



sudden nuclear attack, much less to a place of safety.

Mr. President, I have long maintained that paid civil defense officials have not been practicing what they have been preaching to American taxpayers. There is no paid civil defense official in my home State of Ohio who has taken the trouble to build a fallout shelter in his basement or backyard, at his own expense.

It seems almost unbelievable that these same boondogglers who sound the sirens, who set up practice mock alerts, who warn their fellow citizens of the need for fallout shelters, have not taken the trouble to build such shelters for themselves and their families. How can they expect the American public to take this civil defense program seriously?

Frankly, it is my belief—as I have stated many times in the past, both in the Senate and elsewhere—that basement and shallow backyard shelters will be of no use whatever in event of nuclear war. Unfortunately for American taxpayers, in my opinion, some administration officials seem to believe otherwise. Only last week, the Senate appropriated over \$207 million for the beginning of a fallout shelter program in Federal buildings. It is inexcusable that at the same time this huge amount of taxpayers' money is being spent for holes in the ground, paid civil defense officials cynically sit back and do nothing regarding shelters for themselves and their families.

President Kennedy has called for sacrifice in this time of emergency. Apparently, it is too much of a sacrifice for most paid civil defense officials to spend the money for shelters for themselves that they are urging their fellow Americans to spend.

Mr. President, this is just one more incident out of hundreds which explains the failure of Americans to take seriously the programs of our civil defense agencies. Frankly, I do not blame them. I commend this news item to my colleagues and ask unanimous consent that it be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Evening Star, Aug. 8, 1961]

#### ONLY ONE OF SEVEN CIVILIAN DEFENSE CHIEFS IN AREA HAS SHELTER

(By John Neary)

Only one of the Washington area's seven top community civil defense officials has followed his own advice in urging every family to have a fallout shelter.

He is Rear Adm. G. Roy Hartwig, chief of Montgomery County civil defense, who said yesterday he has had a shelter for the last 3 years.

The six other officials, some because they have "other plans" haven't followed the warning contained in the 1959 Government publication, "The Family Fallout Shelter." This document states, "Everyone, even those far from a likely target would need shelter from fallout."

The civil defense chiefs involved are in Montgomery Prince Georges, Arlington, and Fairfax Counties, Alexandria, the District of Columbia, and Falls Church.

Admiral Hartwig told the Star, "my conscience bothered me and I had to do some-

thing," 3 years ago. He said he keeps the shelter stocked with food, water, a portable radio and a chemical toilet.

Several of the civil defense heads in the other six jurisdictions of the Washington metropolitan area asked that their names be withheld because they said, the fact they have no shelter would be professionally embarrassing and might impair the family fallout shelter program.

One said yesterday he doesn't have a shelter because he lives in a bachelor apartment and, in an emergency, probably would be at work.

Another, who said his family has "plans to go somewhere else in the event of an attack," said he plans to build one just for the public relations value because it's becoming embarrassing to have to explain why he does not have one.

Another claimed, "I have a very good basement, with access to a well."

Civil defense publications, however, indicate the need for building an additional concrete block room within the ordinary basement to increase shielding from radiation.

An apple tree in his back yard would have to go, one official said, if he were to build a shelter, because there is no room in his basement. Despite the cherished tree, he is planning to "stick one in" the backyard.

(At this point Mr. SMITH of Massachusetts took the chair as the Presiding Officer.)

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. YOUNG of Ohio. I yield.

Mr. GRUENING. Does my colleague from Ohio not believe it may be possible that these six officials who have not seen fit to provide shelters for themselves have in their hearts seen the folly of the program and do not wish to add to the cost of the wasteful program by spending their own money to provide useless shelters?

Mr. YOUNG of Ohio. That seems a reasonable statement, indeed, because shelters such as paid Civil Defense officials are advocating, which will not exceed \$1,500 in cost, might prove to be fire hazards and tombs and might, indeed, cause the suffocation of their families in event of a nuclear attack on the Washington area. In all probability, they would not be effective against fallout from a nuclear explosion which would fall everywhere for miles around the Washington area.

Mr. GRUENING. I agree with the Senator.

#### CUBAN DOCTOR'S STORY

Mr. YOUNG of Ohio. Mr. President, an article in the Record-Courier of Ravenna-Kent, Ohio, of July 31, 1961, has been brought to my attention. It is captioned "Cuban Doctor Here Tells Why He Flew."

This article gives an inside view of events in Cuba from one man's viewpoint. This is his answer to the question as to why he left Cuba:

My children first of all. The Communist system can even turn your own children against you by perversion of their minds. Secondly, I like to make my own decisions. There was no liberty in Cuba to do as you please. One day you might be carted off without knowing the reason why.

Mr. President, I compliment the enterprise of this fine Ohio newspaper in

printing this, and in particular the enterprise of reporter Robert Dix, Jr., in interviewing this doctor and his technical skill in writing such an interesting story. We may not agree with this Cuban refugee on every point, but this is the kind of information we should have before us. I embody this as part of my remarks and ask unanimous consent that the interview as reported by Robert Dix, Jr., be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### CUBAN DOCTOR HERE TELLS WHY HE FLEW

(EDITOR'S NOTE—A Cuban doctor who recently fled Cuba with his family and now is a resident at Robinson Memorial Hospital in Ravenna tells of conditions in his native country in an interview with Reporter Robert Dix, Jr., of the Record-Courier staff. Because he fears reprisals against some members of his family still in Cuba, the doctor asked that his name be withheld.)

Batista was the worst thing that could happen to any country. His atrocities and torture were horrible. I remember one evening I was stopped by a Batista sergeant while driving to an emergency case in Havana.

It was dark and murky with fog. He was drunk. He ordered me out of the car at machinegun point and proceeded to swear at and humiliate me. I turned and walked back to the car expecting to be shot any moment.

Once Batista's soldiers kidnapped four children of a friend of mine because he was anti-Batista. My friend later found their graves in different cemeteries throughout the province.

You people in this country did not realize what Batista was. We Cubans were disappointed in you. We fought Batista's soldiers, supplied and trained by you, and beat them badly.

On the last day in December 1959, when Castro triumphed, everyone was for Castro. Everyone looked for a new democratic country, free from graft and corruption.

Castro is a highly intelligent man and leader of the first rank. He was a nationalist, a patriot, but then he was forced to move against your country when he first began his agrarian reform. He accepted the Soviet Union's help to keep the gains of his revolution. But that decision determined his course.

So now 2 years later, at the age of 40, I've fled with my immediate family and have left all my economic possessions there. It was the hardest decision of my life. I left because my children, a boy 13 and a girl 11, were ripe for communism. We are Catholic.

When I arrived in the States, I was impressed by two things. One is the awareness among the people in general of some kind of danger to their way of life. The second thing is their ignorance about that danger, international communism.

Communism is not only a social system. It is a creed of religious fervor believed by a large number of people. It is a theory dependent on psychological phenomena.

Any country where 90 percent of the children have no food nor shoes, where 90 percent of them are infested with parasites making them underdeveloped physically, then this country is ripe for communism.

Any country where families live in one room and moral degeneration is the result, where children 8 years old still squat on the floor in a fetal position and look 4 years old, any country like this is ripe for communism.

Cuba is such a country. Eighty percent of the people are peasants (guajiros). In



Cuba if 10 percent of the promises made by Castro are fulfilled, people will work for him. Castro is doing this. He has torn down the shacks. He is making the people marry.

Your foreign aid money, which goes to underdeveloped countries to help for the same cause is rarely used for this purpose. You deal through the local governments. Over 90 percent of these countries are corrupt. Your aid goes to make rich the few.

The good which Castro achieves, however, is done so at the perversion of all truth. The children in school are inculcated with hate for America. It is a totalitarian system. Truth is what the government proclaims. And the peasants, plagued with illiteracy and poverty, are very susceptible.

The Communists have a beachhead in the Western Hemisphere now. The rest of Latin America is very much like Cuba. I'm very afraid for the whole of the hemisphere.

You ask about the May invasion? I knew it would fail from the beginning. The peasants are for Castro. He had to even turn some of his peasant militia, who wanted to go to the Bay of Pigs to fight, away because there was no need for them. The underground was ruined when Castro rounded up several thousand suspects. This move cut all their connections.

Who runs Cuba? Fidel is the man who runs Cuba. He is the cohesive factor. If he goes, then the whole thing goes.

Did I ever take any of my grievances to Castro? Yes. Late in 1959 I asked him why he was allowing Communists in high positions. He replied that the "revolution was not the war of Jordan" and that he needed the people who could work for the revolution.

Exactly why did I leave? My children first of all. The Communist system can even turn your own children against you by perversion of their minds. Secondly, I like to make my own decisions. There was no liberty in Cuba to do as you please. One day you might be carted off without knowing the reason why.

What must this country do? You people must do many things as the Russians do them. In Helguin, a small Cuban town, the Soviets said that the area needed a hospital. They sent builders, technicians, and doctors to run it until Cubans could be trained. Instead of sending your dollar, alone, which seldom gets to the people, send technicians to teach and doctors to heal.

You must have a political vehicle capable of export that can spread your ideas and your beliefs and yet maintain order.

What are my plans? My whole life I have lived through political convulsion in Cuba. I don't want my children to live the same life. I plan, now, never to return.

#### FOREIGN AID

Mr. DODD. Mr. President, on Monday I submitted an amendment to the foreign aid bill which would ban any aid to members of the Sino-Soviet bloc.

The purpose of my amendment is clear and simple; it is to prevent any of the funds authorized under this act from being used to assist the following Communist regimes: Albania, Bulgaria, Communist China, Cuba, Czechoslovakia, East Germany, Hungary, North Korea, North Vietnam, Outer Mongolia, Poland, Rumania, and the Union of Soviet Socialist Republics.

The bill before us, as reported out of committee, permits all restrictions against such aid to the Communist bloc to be waived by the President, with respect to as much as \$250 million annually.

This is a basic and elementary issue that is familiar to all of us. Both the Foreign Relations Committee and the Congress itself have repeatedly passed upon the essentials involved here.

I do not believe that we can justify a massive national program of defense, military assistance and foreign aid for the purpose of resisting Communist aggression, and at the same time give aid to those same Communist enemies we seek to resist. I do not believe that our people should be taxed to prop up regimes that are dominated by Moscow and Peiping and I feel it is the clear responsibility of the Congress to write that basic sentiment into the law and not leave it to the discretion of the President or the administrators of this act.

My reasons are the following:

First, there is the matter of political theory and philosophy.

The Communist movement is a vast conspiracy to destroy us and everything we represent. Each Red regime, save Yugoslavia which is not included under my amendment, is clearly directed from Moscow or Peiping to serve that end.

Each Red regime has developed the concept of the total state as far as it can go and therefore, within the limitations of bungling and inefficiency characteristic of dictatorships, every resource, important or insignificant, is directed and coordinated toward the eventual Communist world triumph.

Every dollar that we send behind the Iron Curtain, every grain of wheat, every parcel of clothing, every piece of equipment and machinery, every particle of technical knowledge and industrial know-how, is promptly melded into the cold war machine of our enemies to be used against us. Nothing should be plainer or clearer than this.

Second, when we help Communist regimes in any way, we help them to conceal their inability to satisfy the needs and aspirations of people everywhere.

We believe that communism and enslavement so run against the grain of human nature that men cannot live productively and produce effective under a slave regime. By concentrating their efforts on space and military projects, they may achieve spectacular successes, but only through denying their own people the necessities of life. They have never had any across-the-board success.

We have continual proof that this is so in the recurring famines, the shortages, the continuing squalor, the riots, the revolts, and the broken promises. The harsh realities of life under the Communists are the most effective antidotes to their all-persuasive propaganda and indoctrination.

When we help Communist regimes to obscure their basic failures, when we give them food to hide their famines, when we give them trade to overcome their shortages, when we help to relieve the pressure for consumer goods, thus permitting them more leeway in devoting their resources to weapons of war, we only postpone the day when communism will be totally discredited beyond the Iron Curtain and completely unbearable within it.

Third, the historic lesson is that aid to Communist regimes does not wean them away from basic Communist revolutionary philosophy or draw them closer to us. Our long and costly programs of aid to Communist Yugoslavia and Poland ought to have proved this much to us.

Yugoslavia is not a Red satellite in the exact sense that the others are, though I personally oppose any aid to Yugoslavia, this country is not included in my amendment. Even if aid to Communist Yugoslavia had proven a success, this would not in any way constitute a justification for aid to puppets of the Kremlin. But the fact is that aid to Yugoslavia has not been successful from our point of view.

After spending billions of dollars to prop up the Tito regime, the net gain to the free world has been zero. Yugoslavia remains a Red dictatorship, strengthened and made more tyrannical by American aid, brutally oppressing its people, persistently allied with Moscow on every major issue dividing the Communist World from the free world. With the aid we have given him, Tito has been able to set up foreign aid programs of his own in Asia and Africa, and he has used these programs and the respectability in which we have clothed him, to dissuade the Asians and Africans from lining up with the free world.

Poland, too, while receiving aid from us, has been giving aid to Castro's Communist, anti-American regime in Cuba. Poland is a Red satellite. Our aid to that country was intended to encourage the Polish regime to be more independent of Moscow. Yet the longer our aid has continued, the more subservient to Moscow the Gomulka regime has become, and the more venal and repressive toward its people, its press, its churches, its schools, its academic world and all elements of its society.

Therefore, on the record of the acts, words and U.N. votes of Yugoslavia and Poland, this type of aid has been a gigantic failure and should be stopped.

Fourth, we must measure the cost of aid to Communist regimes, not only in dollars and in lost time and effort, but in what we might have accomplished had we used these resources for other means. Our experiment in giving the money and goods of the American people to Communist tyrannies has already cost us almost \$4 billion. If this policy is now to be made permanent and perhaps expanded to other Communist regimes, none can tell where it will end or how much it will cost.

What could we have done with this money in the past and what can we do with it in the future?

During the years we have been pouring out billions for Yugoslavia and Poland, we have so neglected our own defenses for budgetary reasons that we are now called upon to take the most severe emergency measures. Skimping on our space and missile budgets has now caused us a series of critical defeats in technology.

During the years we have been aiding these Red regimes, we have been so neglecting our friends and allies in South



America that we must now speak in terms of a crash program to save that part of the world from communism. And what could have been done in India, in Pakistan, in South Vietnam, in Africa, in other places, with the funds that we have foolishly squandered?

Thus, our aid to the Reds not only strengthens them; it weakens us by denying us the resources needed to achieve those objectives necessary to our survival.

Fifth, I raise this final point. Even if I did not oppose aid to Communist dictatorships on the grounds I have described, I would oppose it for yet another reason.

During the past few months, the dawning recognition of the crisis in the world has caused the United States to revise its spending plans upward by several billion dollars in the fields of space and military affairs. Since we obviously cannot do everything, this forces upon us a system of priorities. Some things will have to go.

And what could be lower on our list of priorities than handouts to Red governments?

Even if you have no philosophic aversion to this kind of aid, even if you do not think it aids our enemies, even if you do not think it deprives ourselves and our friends, I ask you to vote against it on the simple ground that newer and more urgent demands must be met, that to meet these demands we must dispense with other programs, and that financial aid to communism should be the first thing dispensed with.

Later in the week I shall bring up this amendment and ask the Senate to vote upon it and I take this opportunity to explain in advance my reasons for this action.

#### THE FREEDOM ACADEMY

Mr. DODD. Mr. President, the Freedom Academy bill, S. 822, proposes the establishment of a combined research and training center which will have the function of developing a science of counteraction to Communist operations and of training carefully selected candidates in this science.

This measure has inspired popular support across the country on a scale that I consider nothing short of remarkable. There have been editorials supporting the project in our great national periodicals and in newspapers across the country. The Senators and Representatives who have sponsored the measure have received, literally, thousands of letters from interested individuals and organizations.

Typical of the many communications that have come to my office is a recent resolution approving the Freedom Academy bill, adopted by the Kiwanis Club of Danbury, Conn.

This resolution is so eloquent a statement of the reasons for establishing a Freedom Academy that I ask unanimous consent to have it printed in the RECORD at this point.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

#### RESOLUTION APPROVING FREEDOM ACADEMY BILL S. 822

Whereas the Communist bloc has operated an extensive system of political warfare schools for more than 40 years which have graduated large numbers of trained, dedicated professionals who are experts in total political warfare; and

Whereas these skilled Communist professionals are engaged in a thousand-pronged assault against the free world in which trade, subversion, diplomacy, culture, propaganda, and guerrilla warfare are intermixed in a deadly operational science; and

Whereas the Communists have succeeded in conquering a third of the world in a little more than 40 years and now are engaged in a massive penetration of the remainder of the free world; and

Whereas it is of the utmost importance that cold war agency personnel and private citizens understand communism and Communist conflict techniques, and also know the full range of measures freemen can employ to meet the entire Communist attack and to work toward our national objectives systematically, using all appropriate positive and negative measures; and

Whereas present facilities are grossly inadequate for training Government personnel and private citizens about communism (especially Communist conflict techniques in the nonmilitary area) and the wide range of interrelated measures potentially available to us to meet this threat here and overseas; and

Whereas we have not adequately researched and thought through the vast array of methods and means potentially available to us in the Government and private sectors to defeat the Communist attack in all of its dimensions; and

Whereas it is imperative that the capacity of this Nation to meet the Communist assault in the area short of hot war be rapidly increased; and

Whereas the Freedom Academy bill, S. 822, is a logical way to rapidly, yet systematically, research and develop the cold war operational knowledge we must have and to train large numbers of private citizens and Government personnel about communism and the best methods of defeating the Communist attack: Now, therefore, be it

*Resolved*, That the Kiwanis Club of Danbury, Conn., does herewith go on record as endorsing the Freedom Academy bill, S. 822, and urges that this measure be passed and become law at the earliest feasible date; be it further

*Resolved*, That a copy of this resolution be transmitted to the appropriate Members of the Congress.

KIWANIS CLUB OF DANBURY, CONN.  
GEORGE L. POTTER, *President*.  
DR. J. L. GANNON, *Secretary*.

#### PROPOSED CANCELLATION OF METROPOLITAN OPERA CO.'S SEASON

Mr. JAVITS. Mr. President, I would like to call the attention of the Senate to what we consider in New York a very important event, and that is the danger of the cancellation of the Metropolitan Opera Co.'s 1962 season.

Mr. President, I am very glad to announce that the Department of Labor at first thought that its mediating good offices in respect of the labor-management dispute which is endangering the Met's 1962 season, was not within its province. I am informed that the Secretary of Labor has stated, or is about to state, that in deference to my views and to those of others he is offering to

mediate this dispute as between the Metropolitan Opera Co. and Local 802 of the Musicians' Union which represents the employees. I sent a telegram very early this morning urging him to do this.

Mr. President, this crisis concerning the Met is attributable to the failure to reach agreement upon next year's wage scale with the personnel of the Met's great orchestra.

Mr. President, it is much more than a labor-management dispute. It reflects the deep problems of a great national cultural institution at a time when costs are rising and deficits are getting beyond even the capability of patrons who have for years been underwriting each season—that is, unless the Met is to become an institution of remote accessibility to the people of New York and of the whole country because they just cannot afford its prices at the box office.

Mr. President, the Met is located in New York, but the cancellation of its season will also cancel its appearances on a 7-week spring tour in 1962 taking in Boston, Cleveland, Atlanta, Dallas, St. Louis, Minneapolis, Detroit and Toronto. Also, Mr. President, the Met is a national institution and a national heritage. The whole world regards it so, and regards it as a major index of the cultural excellence of our country. How unthinkable it would be, Mr. President, for the Soviet Union to sacrifice the Bolshoi, and yet the Met is at least as fully identified with the United States, in the world as is the Bolshoi with the Soviet Union.

Again, Mr. President, a free society must show its capability for preserving its finest values without totalitarian authority.

A great company, and many personal friends of mine, are standing by in this emergency and working to get the Met to change its mind, and, indeed, joined in the telegrams to Secretary Goldberg asking him to intercede in the situation.

I have three recommendations, Mr. President:

First, of course, the effort by the Federal Government through Secretary Goldberg which is now happily coming through to mediate this dispute with the union.

Second, intercession by the Mediation Services of the Federal Government. This is a national cultural institution of major importance and should be a national concern. I do not agree with the Department of Labor that this dispute is not national and does not warrant its attention, and I do not believe Secretary Arthur Goldberg will agree, either.

Third, Mr. President, action by Congress on Federal aid to the arts as in any number of the bills pending, including my own bill, for a U.S. Arts Foundation, modeled after the British and Canadian Arts Councils. Ours is the only major nation without such a program. Such a program saved Britain's Covent Garden Opera, and is equally essential for the Met because, Mr. President, whether it closes down because of the present dispute or not, it faces intolerable deficits running well over a



million dollars a year if they make any kind of a deal with the musicians' union now, and deficits which wealthy patrons just cannot carry.

Sooner or later, Mr. President, and I certainly urge it to be sooner than too late, we must come to this issue here in the Congress and deal with it.

On two previous occasions, in 1948 and 1960, the Met was saved at the 11th hour after cancellations were announced of those seasons.

We have it within our power to see the curtain rise on October 23 for the Met's latest season, with Richard Tucker on stage as scheduled. This national catastrophe must be avoided by the pooled set of actions I have described.

It can be avoided by the set of actions I have described.

While we are at it, let us say a word of national thanks to the stalwart group of Metropolitan Opera supporters who have underwritten the heavy deficits for years—both New Yorkers and other Americans—all by no means wealthy, but all lovers of the muse and supporters of a great activity in our country.

#### EAST GERMAN REFUGEES AND U.S. LAW

Mr. JAVITS. Mr. President, I should like to say a word on the problem of the East German refugees, who are now flooding into West Berlin in increasingly large numbers.

In the last 24 hours 1,741 East German refugees reached West Berlin. Since last Saturday noon alone over 5,000 have escaped to the free world in this way. Only 2 weeks ago the rate was about 1,100 per day, and the previous estimate of 300,000 for 1961 which was considered high, may have to be revised upward. This flood of refugees should be a strong element of confirmation of the free world's position on Berlin, that Chairman Khrushchev's belligerency and rocket rattling have only created fear in the Communist bloc and an added incentive for people to leave it with a sense of far greater security. This is something of a tribute to the sobriety and self-contained firmness with which the issue is being met by the United States and its principal allies in NATO. Here is something of a vote of confidence for the stability of Western Europe and for us a confirmation of our determination never to let the hope of freedom expire for the 100 million in the captive nations of the Baltic, central Europe, and the Balkans.

However, here again we have a situation that always happens in a democracy. It is not enough. We have made no preparations under our immigration laws to meet the refugee influx. This preparation must at least be equal to the confidence of the refugees. The archaic and discriminatory immigration laws fall far short of the mark in this respect. In addition, we allow ourselves to be tied in knots in Congress by one or two committee chairmen who stand in the way, apparently, of Congress exercising its will in respect of refugee relief legislation. We had that experience with the Hungarian refugees, which showed that basic immigration law for admission of refugees is vital and

that a crash program of paroling refugees into the United States is inadequate and unsatisfactory. Nevertheless, we have not yet passed any refugee relief act.

No action has been taken even on the administration's bill, recently introduced by Senator Fulbright in this body, to authorize additional funds to deal with emergency refugee situations and to participate in the work of the U.N. High Commissioner for Refugees and the Intergovernmental Committee for European Migration. Nor was action taken on President Eisenhower's request for allowability of admissions of up to 60,000 refugees and escapees every year on a regulated basis. Indeed, we even have an influx of refugees from Cuba, and our arrangements there, too, are inadequate.

We must have at this session a refugee relief act in the interest of the foreign policy of the United States. It is a fact that only when we have taken our fair share of refugees and escapees has there been any effective international action on this crucial program. That was true right after World War II and in the 1950's. On both occasions we passed laws, and that situation very quickly was cleared up.

The parole provisions of our immigration law were never intended to meet any such massive problem for refugees as is now faced, and hence are not satisfactory to meet it. We showed by the passage of the Displaced Persons Act right after World War II and in the Refugee Relief Act in the 1950's, what we could do. Once we did take the lead, the situation was cleared up satisfactorily by other countries. These were magnificent evidences of U.S. leadership. They were important to the world then. They are just as important to the world now. We should not permit ourselves to continue to be controlled in this matter by one or at the most two committee chairmen. If ever there was a case for Presidential and congressional leadership to break self-imposed restrictions which seem to paralyze us, it is this. The President should demand refugee relief legislation as part of the package to meet the Berlin crisis, and the Congress should vote it without the self-imposed long delay and frustrations which now seem to be the rule.

Again I renew my pledge that I will not stand still and see approved any ineffective, superficial, and tiny immigration measure, and that I shall exercise every prerogative I have as a Senator to endeavor to include in that measure the necessary immigration legislation generally, and do everything I can to relieve this refugee situation.

I hope and pray that our leadership in the Senate and in the House will see the light in the face of this enormous opportunity which is afforded to the free world with respect to this flood of refugees, which is increasing every day from East Germany.

#### THE PURCHASE BY THE AIR FORCE OF RECEIVER TRANSMITTERS

Mr. WILLIAMS of Delaware. Mr. President, today I wish to call the attention of the Senate to an incident wherein

the Department of the Air Force paid \$822 a unit for 442 receiver-transmitters when they could have bought the same units at \$525 each. Thus, on this one contract awarded to the Radio Corp. of America the Defense Department threw away \$131,274 plus a few thousand dollars extra which were wasted in buying the necessary component parts.

Once again the Comptroller General has called our attention to the irresponsible manner in which the Department of the Air Force wastes the taxpayers' money. For many years many of us have been trying to have a law enacted which will make it mandatory that the Defense Department conduct its purchases by soliciting competitive bids and awarding the contracts to the lowest responsible bidder, but largely as the result of the opposition of the Defense Department we have been unable to get action on this measure.

The Defense Department insists upon buying the major portion of its requirements under negotiated fixed-price or negotiated cost-plus contracts—practices which inevitably lead to unnecessary costs running into the hundreds of millions of dollars annually.

On June 30, 1961, the Comptroller General called our attention to this specific example which is summarized as follows:

The Department of the Air Force wanted to buy 442 AN/ARC-21 receiver-transmitters. Without soliciting competitive bids they awarded this contract for the 442 receiver-transmitters to the Radio Corp. of America at a negotiated cost of \$822 a unit.

The Comptroller General established that prior to the time of these negotiations the Radio Corp. of America already had price quotations from potential subcontractors to produce these units at prices ranging as low as \$525 per unit.

After RCA received the contract at \$822 per unit they subcontracted with the Red Lion Cabinet Co., Red Lion, Pa., to produce these 442 transmitters at a cost of \$525 each.

There is no reason why the Department of the Air Force could not have procured these transmitters direct from the Red Lion Cabinet Co. and thereby save \$297 each. The records show that the Air Force accepted the RCA's inflated cost for this item on the basis that it represented the best competitive bid which they had received from potential suppliers. There is no evidence that the lower price quotations were considered by the Air Force negotiators. Apparently they were not concerned over the extra cost.

The Comptroller General stated in his report that:

Had the lowest of these quotations been considered in establishing the price of this contract, the cost to the government after adjustment for the contractor's related overhead and profit would have been reduced about \$173,000.

The \$173,000 referred to includes the inflated cost factors of the units as well as certain component parts.

All that we get from the Defense Department is the shopworn promise, "We will try to do better."

That is not enough. What we need is a law making it mandatory that the De-



# BRITISH COLUMBIA FRUSTRATES AMERICANS ALSO

There was a series of strange coincidences in Canada last week.

In Ottawa, frustrated leaders of the socialistic Canadian Commonwealth Federation, a political party, were combining with organized labor to form a new political party.

In Vancouver, funeral services were being held for a noted cultural leader and champion of free enterprise, A. E. Grauer, chief executive officer of the British Columbia Electric Co., one of the largest and most successful utilities on the continent.

In Victoria, British Columbia Premier W. A. C. Bennett, leader of the conservative-slanted Social Credit Party, announced to the provincial legislature that the government—as of 2 p.m. Tuesday—had taken over the British Columbia Electric Co., something which the CCF socialists had been advocating for years.

In addition, Premier Bennett declared that the Peace River Power Development Co., a private-enterprise dam-promoting firm backed by famed Swedish industrialist, Axel Wenner Gren, was also being expropriated.

The chairman of the Peace River Co., Sir Andrew McTaggart, arrived from London with no inkling of the shocking news. He did learn that Bennett's British Columbia energy board had just determined that Peace River could be developed by the province at about the same rate as power from the proposed Canadian Columbia River projects.

Before the week was over, Bennett won legislative approval of his takeover plan. The premier replaced the British Columbia Electric's board of directors with men of his own choice, headed by Dr. Gordon Shrum, chairman of the British Columbia energy board and former dean of graduate studies of the University of British Columbia.

Bennett, the onetime conservative politician, then had a \$100 million provincial bond issue authorized for immediate payment for the shares of British Columbia Electric stock held by a parent corporation.

The total takeover price has been estimated at about \$700 million. The contingent liabilities of the province now come to about \$1.3 billion.

A little over a year ago Premier Bennett had told British Columbia voters that the province was clear of public debt.

The provincial takeover of the private power companies was justified, in part, by the Premier because the Canadian Federal Government handed back to Victoria only a small portion of the Federal taxes paid to Ottawa.

Provincial government operation of the British Columbia Electric deprives the Federal Government of the utility taxes. It also deprives many municipalities in the province of the tax income formerly paid by the utility.

The total tax contribution of the company has been estimated at about \$17 million annually—to Federal provincial and local governments. Some municipalities near Vancouver are already worried over the loss of tax income from the company and are threatening to curtail school and other public services.

The frustrations in Canada over this power takeover now involve the validity of the Columbia River treaty, signed by the United States and Canada last January and ratified by our Senate in March. No attempt has been made by the Canadian Federal Government to get the treaty ratified by the House of Commons at Ottawa.

The Bennett government in British Columbia has now, in effect, told the Ottawa government that it must authorize the export of power (to come from Columbia and Peace River dams) or the treaty will be kaput. Victoria holds one type of veto power and Ottawa holds another.

The hydropower which the British Columbians hope to develop is too expensive for marketing in the Pacific Northwest, even though the price may be acceptable in lower British Columbia, or in California.

The present British Columbia power situation is a source of frustrations on this side of the border, where there has been faith that eventually the leaders in Ottawa and Victoria would settle their differences and the Columbia treaty benefits would become a reality.

The frustrations here are now complicated over the purely American questions of power development on the Middle Snake River, the possibility of commercial power from the new Hanford atomic reactor, and the prospect for construction of the proposed Bonneville-California intertie.

The Snake River problem is now in the hands of the Federal Power Commission. The Hanford problem is now in the hands of Congress. The intertie problem is now in the hands of the Department of the Interior.

The present Canadian situation also concerns the backers of Libby Dam in western Montana, the last great Federal project now in the planning stage. Construction will be stymied as long as Canada holds up ratification of the treaty.

Premier Bennett is a masterful politician who is looking out for British Columbia interests. He has taken a big gamble in the provincial takeover of private power, in his ambitious plans for public power development of both the Columbia and Peace River projects. He has caused some frustrations north of the border.

Now he has many power-minded Americans worried over what may happen here because of the Columbia River uncertainties and because of the quick but legally permissible snatch of Canada's largest investor-owned public utility.

## FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. PROUTY. Madam President—

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The Senator from Vermont.

Mr. PROUTY. Madam President, what kind of foreign aid program should we have and how shall we pay for it?

Understandably there is the greatest divergence of opinion here, and no man's patriotism or motives should be impugned because of his opinion.

Obviously we must have a businesslike program, carefully planned and designed to accomplish the most good with the greatest amount of efficiency and the least amount of waste and expenditure.

It should be a program over which Congress, in line with its constitutional responsibilities, maintains the sharpest scrutiny and the greatest control.

Can we have both long-range foreign aid planning and congressional control? That is the guts of the issue.

We will have the complete answer only if we examine completely what measure of control we have today and what measure of control we would have under the various proposals.

Congress does not have real control over expenditures in the foreign aid field today. To argue otherwise is to point

the finger of blame at the committees of Congress and the House of Representatives and the Senate of the United States for the countless examples of waste and mismanagement that have taken place.

Did Congress have control over foreign aid expenditures when the U.S. Government constructed on Formosa a sparsely travelled mountain highway that is practically impassable more than half the year, because of typhoons?

Did Congress have control over foreign aid expenditures when the U.S. Government constructed in Cambodia a winding jungle highway that cost \$30 million, and is already falling apart?

Did Congress have control over foreign aid expenditures when the U.S. Government constructed in Korea an ultra-modern fertilizer plant that cost \$40 million, that could not be used for many months because of inadequate power supply?

Did Congress have control over foreign aid expenditures when the U.S. Government built in Iran an \$800,000 sawmill that only now is going into operation, after 7 long years of delay?

Did Congress have control over foreign aid expenditures when the U.S. Government paid \$125,000 to build at Pampas de Noco, Peru, an irrigation project which does not irrigate, because there is not enough water available in the area to make use of the irrigation works?

Madam President, I respectfully contend that while we hear eloquent words about "legislative control of the purse strings," if such control actually existed we would not have the Government building roads to nowhere, and our emergency shipments of food would not fail to reach the mouths of the starving.

Let us review for a moment the procedure under which Congress operates now. Perhaps this will demonstrate, in part, the reasons why control over foreign aid expenditures is lacking today.

Today, the foreign aid bill is handled in the House of Representatives by the Subcommittee on Foreign Operations, of the House Appropriations Committee. This is an 11 man subcommittee, composed of 7 Democrats and 4 Republicans. It is aided by one staff member, officially assigned to the Subcommittee on Foreign Operations. This staff member draws on the help of other staff members from the full committee; and their efforts, plus his own, amount to the equivalent of two full-time employees on foreign aid matters.

I think the situation speaks for itself. No one staff member—nor no two staff members, for that matter—however capable, can be expected to obtain a mastery of all the details of a gigantic program such as foreign aid. We know from past experience that when committee staff men are overwhelmed by a task, there is a corresponding, if not greater, problem for the Members of Congress themselves.

I have in my hand a list of the members of the House Subcommittee on Foreign Operations; and I find that each of these members has, in addition to his responsibilities with respect to foreign aid, subcommittee assignments dealing



with other major areas of Government expenditures.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a list of the members of the House of Representatives Foreign Operations Subcommittee of the House Appropriations Committee and the additional subcommittee assignments they have.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

ADDITIONAL SUBCOMMITTEE ASSIGNMENTS OF MEMBERS OF HOUSE FOREIGN OPERATIONS SUBCOMMITTEE OF APPROPRIATIONS COMMITTEE

Representative PASSMAN: Foreign Operations (chairman), Treasury-Post Office.

Representative GARY: Foreign Operations, Treasury-Post Office, General Government Matters-Commerce.

Representative ROONEY: Foreign Operations; State, Justice, Judiciary, Deficiency.

Representative NATCHER: Foreign Operations, Treasury-Post Office.

Representative ANDREWS: Foreign Operations, General Government Matters-Commerce, Defense.

Representative MONTOLA: Foreign Operations General Government Matters-Commerce.

Representative TABER: Foreign Operations, Public Works.

Representative FORD: Foreign Operations, Defense.

Representative RHODES: Foreign Operations, Independent Offices, District of Columbia.

Representative CONTE: Foreign Operations, Treasury-Post Office.

Mr. PROUTY. Madam President, much discussion has centered around the contention that we are considering an abandonment of congressional control. I think the facts I have just presented indicate that the control which does exist has many inherent limitations.

There is no doubt that the House Subcommittee on Foreign Operations is a very hard working and industrious subcommittee. It is composed of some of the most outstanding Members of the House of Representatives.

While these men have a considerable knowledge of the foreign-aid program, unquestionably more than my own, it cannot be emphasized too strongly that they have the assistance of only two full-time employees. When one is dealing with a program which uses billions—not millions—of dollars, which covers scores of countries scattered throughout the world, one needs a large staff simply to keep track of what has been done, to say nothing of what is being done.

Members of the Foreign Aid Subcommittee in the House have not only their numerous subcommittee assignments to contend with; they also have important tasks to perform for their constituents and important responsibilities—as have all Members of Congress—to study major proposed legislation reported by other committees.

What constitutes a major problem in the House is perhaps an even greater one in the Senate. The foreign-aid appropriations bill is not handled by a subcommittee here, but is handled by the full Appropriations Committee itself. There are 27 members on the commit-

tee. The group is composed of 17 Democrats and 10 Republicans.

In 1959 the Appropriations Committee spent 35½ hours on hearings on foreign aid, and then spent 1 day marking up the bill. Although the scope of foreign activities is enormous, the committee has but two staff members engaged in this field. It is no exaggeration to say that these two men have more difficult jobs than does anyone else on Capitol Hill, except, perhaps, the Senators on the Appropriations Committee whom they are assisting.

Madam President, the Congressional Directory and other public sources disclose that the extremely industrious and admittedly capable Senators on the Senate Appropriations Committee have, on the average, five or six subcommittee assignments each, within the Appropriations Committee group itself, to say nothing of numerous other subcommittee tasks. Let me give a few examples. One Senator on the Appropriations Committee serves on 4 committees, and has, in all, 14 subcommittee assignments.

A second Senator on the Appropriations Committee serves on 3 committees, and has 11 subcommittee assignments.

Another Senator on the Appropriations Committee serves on 3 committees and 10 subcommittees.

Madam President, I ask unanimous consent to have printed at this point in the RECORD a list of the Senators who serve on the Senate Appropriations Committee and their committee and subcommittee assignments.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

COMMITTEE AND SUBCOMMITTEE ASSIGNMENTS OF MEMBERS OF SENATE APPROPRIATIONS COMMITTEE

SENATOR HAYDEN

Appropriations Committee, chairman; Agriculture and Related Agencies, Defense, District of Columbia, Interior and Related Agencies (chairman), Public Works.

Rules and Administration Committee: Rules of Senate (chairman), Committee on Printing (chairman).

Joint Committee on Printing (chairman).

SENATOR RUSSELL

Appropriations Committee: Agriculture and Related Agencies (chairman), Defense, Independent Offices, Interior and Related Agencies, Labor, and Health, Education, and Welfare, and Related Agencies, Military Construction, Public Works.

Armed Services Committee (chairman).

Aeronautical and Space Sciences Committee.

Joint Committee on Atomic Energy.

SENATOR CHAVEZ

Appropriations Committee: Defense (chairman), Interior and Related Agencies, Labor, and Health, Education, and Welfare, and Related Agencies, Legislative, Military Construction, Treasury and Post Office.

Public Works Committee (chairman).

SENATOR ELLENDER

Appropriations Committee: Defense, General Government Matters, Commerce, and Related Agencies, Independent Offices, Public Works (chairman), State and Justice and the Judiciary and Related Agencies.

Agriculture Committee (chairman).

Joint Committee on Reduction of Non-essential Expenditures.

SENATOR HILL

Appropriations Committee: Agriculture and Related Agencies, Defense, Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies (chairman), Public Works.

Labor and Public Welfare Committee (chairman): Health (chairman).

SENATOR M'CLELLAN

Appropriations Committee: Defense, Interior and Related Agencies, Public Works, State and Justice and the Judiciary and Related Agencies (chairman), Treasury and Post Office.

Government Operations (chairman).

Judiciary Committee: Federal Charters, Holidays and Celebrations, Immigration and Naturalization, Improvements in Judicial Machinery, Patents, Trademarks and Copyrights (chairman), Constitutional Rights, Special Committee on Internal Security, Special Committee on Trading With the Enemy.

Joint Committee on Immigration and Nationality Policy.

SENATOR ROBERTSON

Appropriations Committee: Agriculture and Related Agencies, Defense, Independent Offices, Public Works, Treasury and Post Office (chairman).

Banking and Currency Committee (chairman).

Joint Committee on Defense Production (chairman).

SENATOR MAGNUSON

Appropriations Committee: General Government Matters, Commerce, and Related Agencies, Independent Offices (chairman), Labor, and Health, Education, and Welfare and Related Agencies, Public Works, State and Justice and the Judiciary and Related Agencies.

Commerce Committee (chairman).

Aeronautical and Space Sciences Committee.

SENATOR HOLLAND

Appropriations Committee: Agriculture and Related Agencies, General Government Matters, Commerce and Related Agencies (chairman), Independent Offices, Public Works, State and Justice and the Judiciary and Related Agencies.

Aeronautical and Space Sciences Committee.

Agriculture Committee: Agricultural Credit and Rural Electrification (chairman), Agricultural Production, Marketing and Price Stabilization.

Joint Committee on Reduction of Non-essential Expenditures.

SENATOR STENNIS

Appropriations Committee: Agriculture and Related Agencies, Defense, Labor, and Health, Education, and Welfare, and Related Agencies, Military Construction (chairman), Public Works, State and Justice and the Judiciary and Related Agencies.

Aeronautical and Space Sciences Committee.

Armed Services Committee: Preparedness Investigating (chairman), Central Intelligence, Officer Grade Limitation (chairman).

SENATOR PASTORE

Appropriations Committee: Defense, Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies, Legislative (chairman), State and Justice and the Judiciary and Related Agencies.

Commerce Committee: Merchant Marine and Fisheries, Communications.

Joint Committee on Atomic Energy.

SENATOR KEFAUVER

Appropriations Committee: Defense, District of Columbia, General Government Matters, Commerce, and Related Agencies; Interior and Related Agencies; Public Works,



State and Justice and the Judiciary and Related Agencies.

Judiciary Committee: Constitutional Amendments (chairman), Patents, Trademarks and Copyrights, Juvenile Delinquency, Antitrust and Monopoly (chairman).

#### SENATOR MONRONEY

Appropriations Committee: Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies; Legislative, Military Construction, Public Works, Treasury and Post Office.

Commerce Committee: Communications, Aviation.

Post Office and Civil Service Committee: Postal Affairs (chairman), Contested Nominations.

#### SENATOR BIBLE

Appropriations Committee: General Government Matters, Commerce, and Related Agencies; Interior and Related Agencies, Labor, and Health, Education, and Welfare, and Related Agencies; State and Justice and the Judiciary, and Related Agencies; Treasury and Post Office.

District of Columbia Committee (chairman).

Interior and Insular Affairs Committee: Public Lands, Minerals, Materials and Fuels. Joint Committee on Navajo-Hopi Indian Administration.

#### SENATOR BYRD OF WEST VIRGINIA

Appropriations Committee: District of Columbia (chairman), General Government Matters, Commerce, and Related Agencies; Interior and Related Agencies, Labor, and Health, Education, and Welfare, and Related Agencies; Treasury and Post Office.

Armed Services Committee.

#### SENATOR M'GEE

Appropriations Committee: Agriculture and Related Agencies, District of Columbia, General Government Matters, Commerce, and Related Agencies; Interior and Related Agencies, Treasury and Post Office.

Commerce Committee: Communications, Surface Transportation.

#### SENATOR HUMPHREY

Appropriations Committee: Agriculture and Related Agencies, District of Columbia, General Government Matters, Commerce, and Related Agencies; Interior and Related Agencies, Legislative.

Foreign Relations Committee: European Affairs, Disarmament (chairman), Near Eastern and South Asian Affairs, International Organizations Affairs.

Government Operations: Reorganization and International Organizations (chairman), National Policy and Machinery.

#### SENATOR BRIDGES

Appropriations Committee: Defense, General Government Matters, Commerce, and Related Agencies; Legislative, Military Construction, State and Justice and the Judiciary and Related Agencies, Treasury and Post Office.

Aeronautical and Space Sciences Committee.

Armed Services Committee: Preparedness Investigating, Central Intelligence.

#### SENATOR SALTONSTALL

Appropriations Committee: Defense, District of Columbia, General Government Matters, Commerce, and Related Agencies; Independent Offices, Legislative, Military Construction, State and Justice and the Judiciary, and Related Agencies.

Armed Services Committee: Preparedness Investigating, Central Intelligence, Conflict of Interest.

Joint Committee on Building for Smithsonian Institution.

#### SENATOR YOUNG OF NORTH DAKOTA

Appropriations Committee: Agriculture and Related Agencies, Defense, Independent

Offices, Interior and Related Agencies, Public works.

Agriculture Committee: Agricultural Production, Marketing and Price Stabilization, Agricultural Research and General Legislation.

#### SENATOR MUNDT

Appropriations Committee: Agriculture and Related Agencies, Defense, Interior and Related Agencies, Public Works, State and Justice and the Judiciary and Related Agencies.

Agriculture Committee: Agricultural Credit and Rural Electrification, Agricultural Production, Marketing and Price Stabilization.

Government Operations Committee: Permanent Committee on Investigations, Reorganization and International Organizations, National Policy and Machinery.

#### SENATOR SMITH OF MAINE

Appropriations Committee: Defense, General Government Matters, Commerce, and Related Agencies, Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies, Public Works, State and Justice and the Judiciary, and Related Agencies.

Aeronautical and Space Sciences Committee.

Armed Services Committee: Preparedness Investigating, National Stockpile and Naval Petroleum Reserves, Conflict of Interest.

#### SENATOR DWORSHAK

Appropriations Committee: Agriculture and Related Agencies, Defense, Interior and Related Agencies, Public Works, State and Justice and the Judiciary, and Related Agencies.

Interior and Insular Affairs Committee: Minerals, Materials and Fuels, Public Lands. Joint Committee on Atomic Energy.

#### SENATOR KUCHEL

Appropriations Committee: General Government Matters, Commerce, and Related Agencies, Independent Offices, Interior and Related Agencies, Labor, and Health, Education, and Welfare, and Related Agencies, Treasury and Post Office.

Interior and Insular Affairs Committee: Irrigation and Reclamation, Territories and Insular Affairs.

#### SENATOR HRUSKA

Appropriations Committee: Agriculture and Related Agencies, District of Columbia, Public Works, State and Justice and the Judiciary, and Related Agencies, Treasury and Post Office.

Judiciary Committee: Improvements in Judicial Machinery, National Penitentiaries, Antitrust and Monopoly, Constitutional Rights, Internal Security, Improvement in the Federal Criminal Code, Juvenile Delinquency.

#### SENATOR ALLOTT

Appropriations Committee: District of Columbia, Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies, Legislative, Treasury and Post Office.

Interior and Insular Affairs Committee: Indian Affairs, Irrigation and Reclamation, Public Lands.

#### SENATOR SCHOEPEL

Appropriations Committee: Agriculture and Related Agencies, District of Columbia, Independent Offices, Labor, and Health, Education, and Welfare, and Related Agencies, Treasury and Post Office.

Commerce Committee: Aviation, Surface Transportation.

Mr. PROUTY. Madam President, how all of the Senators on the Appropriations Committee do as well as they do on foreign aid matters with the aid of only two full-time staff members is beyond my understanding.

So that everyone will see the tremendous responsibilities they bear, I have had printed in the RECORD the table which lists the committee and subcommittee assignments in the Senate of all members of the Appropriations Committee.

All of these men are among the ablest, most experienced, and most dedicated Members of the Senate; but they cannot do the impossible—and we should not ask them to make the effort.

In addition to the problems I have set forth, the Members of the Senate and House Committees are hampered by weak and uninformative testimony given by those in charge of explaining the foreign aid program.

Only this year a key administration witness admitted that he did not have any idea whether a study was made of our overall aid program in southeast Asia or whether such a study is under way. Even under the strongest kind of senatorial interrogation, the spokesmen for the aid program failed to come up with concrete answers to reasonable and important questions.

The testimony revealed that in many cases heavy reliance was placed on the memorandums of country teams, and that little or no top-level judgment was involved in determining the amount of money needed for given areas and the purposes for which it should be spent.

Everyone is familiar with the fact that when the appropriations procedure is utilized, the agency seeking funds is supposed to furnish a detailed justification of the items in its budget. However, once the budget is approved by both Houses—with certain exceptions—foreign-aid administrators are free to spend money on the projects they select, if the projects fall within the broad categories approved.

Therefore, it can be said that neither the Senate Appropriations Committee nor the House Appropriations Committee passes on the merits of individual loans as they are made. Real control—day-to-day control—would involve some congressional activity with respect to major projects, even though the funds to finance them have already been appropriated.

I think I have demonstrated that under our present system, Congress is a watchdog of the purse; but because of staff limitations and other problems it is less than a full-time watchdog. Now the administration comes along and asks us to finance a development lending program by means of a 5-year borrowing authority.

THE PRESIDENT'S PROGRAM WILL NOT PROVIDE FOR ADEQUATE CONGRESSIONAL CONTROL OVER EXPENDITURES IN THE FOREIGN AID FIELD

Madam President, it is unnecessary for me to review in detail the provisions of the administration bill, as reported by the committee. Senators are familiar with those provisions.

I should, however, like to examine whether or not the sum total of those provisions provides the kind of congressional control over expenditures which is required by the Constitution.

It is true, as the administration asserts, that during annual consideration



by both authorizing and appropriating committees of requests for grant-aid appropriations, all development loan operations can also be reviewed at that time or, indeed, at any time. Congress, it is true, would be free to curtail or even to end the borrowing authority, or any portion of it.

It is further true, as the administration states, that section 203(c) of the bill provides that—

The President shall prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act as amended.

The administration maintains, however, that it is clear from the Government Corporation Control Act and from its legislative history, as well as the legislative history of the bill now under consideration, that the power to make reductions or limitations is to be used only in special or unusual circumstances; to enforce the will of the Congress in carrying out development lending activities which have been authorized by law, or to conform such activities to the general financial program of the Government.

I have specifically inquired of the administration as to the power of Congress under these circumstances to, for example, assert its will to deny these funds to a particular Soviet satellite. I was assured by the Department of State that all Congress had to do was insert in the appropriation bill a clause to the effect that none of the money was to go to that particular country.

To sum up, the position of the executive branch is that the exercise of the borrowing authority would be subject to annual Appropriations Committee review and congressional action, and that long-term commitments of funds provided by the borrowing authority would have to be made subject to such congressional review and action.

The executive branch would, however, consider the enactment of the borrowing authority to constitute an expression of intent on the part of Congress to provide funds over the 5-year period in the aggregate amount authorized to be borrowed, and it would therefore feel free to enter into conditional commitments with respect to these funds. It would expect that the level of these funds would not be reduced and that limitations on their use beyond those in the act would not be imposed unless the Congress considered that strong affirmative reasons existed for such reduction.

There are those, however, who disagree with this interpretation, and remain unimpressed by the argument that review and control would be provided through routine reports to the Congress and application of the Government Corporation Control Act. There is much to be said for their point of view.

The Government corporation control statute would not in any way restrict the development lending authority in regard to the making of contracts or other commitments which go beyond more than 1 fiscal year. In fact, section 104 of this act specifically states:

The provisions of this section shall not be construed as affecting the existing authority

of any Government corporation to make contracts or other commitments without reference to fiscal year limitations.

So, then, if limitations should be imposed on loans or other arrangements involving more than 1 fiscal year they must be imposed by the foreign aid bill itself. Let us, therefore, take a look at the pending legislation and the limitations contained therein.

Sections 202(a) and 203(a), read together, prohibit the President from issuing notes in any given fiscal year exceeding the ceiling imposed for that year. There is an exception which permits the President to issue unused portions of notes authorized for previous fiscal years. We know from past experience that agencies operating under the Government Corporation Control Act have submitted rather general information to the Appropriations Committees regarding their proposed programs, and almost routinely these committees have inserted in appropriations bills some boilerplate language which constitutes approval of programs for the forthcoming fiscal year. Even the administration concedes that in only a few instances have limitations been imposed with respect to operating expenses.

With this as a backdrop let us consider the following:

Suppose that under the Government Corporation Control Act the lending agency comes before the Senate and House Committees and discusses its programs for the forthcoming fiscal year. Suppose, also, that the committees give routine approval to these programs and then the lending agency, later on, in the middle of the fiscal year, decides to make a sizable contract not previously contemplated.

Would there be any element of congressional control over such action? The answer is "No." The Appropriations Committee could impose limitations on future programs, but there would be no advance control with respect to this particular project.

I do not want supporters of the appropriations procedure to draw too much comfort from this fact because the same weakness exists in our present system. Both Houses approve the appropriation of money for a given purpose, and then sometime in the middle of a fiscal year other projects, which can be blanketed under the approved purpose, are dreamed up and no committee in either House has anything to say about them until after the fact.

Proponents of the borrowing authority procedure advanced by the administration have made much of the fact that there are limitations in the bill which prohibit the President from issuing notes in any given fiscal year exceeding the ceiling imposed for that year.

They fail, however, to emphasize that while the President, under the proposed plan, is limited in regard to the amount of notes he can issue in a given fiscal year, there is nothing in the bill which would prohibit him from entering into an agreement in fiscal 1962 which states in effect that the U.S. Government agrees to loan \$50 million out of funds which will become available in later fiscal years.

What would be the practical effect of this? This means that if the administration promises to issue notes in subsequent fiscal years the Appropriations Committee will be placed in a very uncomfortable position, indeed. In essence, by placing limitations on borrowing authority, the committee would be nullifying an international agreement. This is indeed a departure from existing practice—a departure which should not be approved without definite safeguards.

In summation of this point, then, the President's requested legislation would, indeed, provide the greatest freedom for long-range planning. But, in spite of arguments to the contrary, it would do so only at the cost of congressional control.

The Kennedy administration is now working with a number of key countries which are attempting to set up development plans for the future. To work effectively, the Administration needs reasonably strong assurances that during the duration of these plans the United States will be able to give continued assistance. It would serve as well then to examine the multi-year authorization amendment which contains proposed changes in the committee bill.

THE PROPOSED MULTIYEAR AUTHORIZATION AND ANNUAL APPROPRIATION PROCEDURE WOULD GIVE CONGRESS NO REAL CONTROL OVER FOREIGN AID EXPENDITURES AND WOULD HAMPER LONG-RANGE PLANNING

This amendment would eliminate the Committee-approved 5-year Treasury borrowing authority to finance dollar loans for development purposes and would authorize the appropriation of \$1.187 billion in fiscal 1962 and of \$1.9 billion in each of the next four years. The authorizations, however, would be relatively meaningless, because the amendment would require annual appropriations.

The amendment raises two important questions. First, does it give Congress any real effective control over foreign aid expenditures? I respectfully contend it does not. It would relieve the Senate Committee on Foreign Relations with respect to authorizations under consideration on the Development Loan Fund. This would be equally true of the Foreign Affairs Committee in the House.

Today each of the Appropriations Committees has but two full time employees engaged in the study of foreign aid matters. It is on these four employees that the Committees, and, in turn, the Congress must rely to a large extent for their evaluation of the foreign aid program.

Surely these employees can get information from the executive branch. But what kind of information: Is it the type that will spotlight deficiencies, errors, waste and mismanagement? Certainly no one can seriously contend that these four employees of the House and Senate have the time and opportunity for thorough on-the-spot investigation.

I have pointed out at some length the fact that if these employees falter because of an overwhelming burden of work, Senate and House Appropriations Committee members cannot be expected to pick up the entire slack because their



overall responsibilities will not permit this type of detail work.

No one can really deny that any control that exists today exists on a year-to-year basis. Funds are approved by Congress annually for general foreign aid purposes, and then the financial roof falls in. Buildings are constructed abroad that serve no useful purpose. Plants are built that have no power supply to put them in operation. Why?

Because we have no project-by-project check. It may well be that a Middle Eastern country needs our assistance to construct highways. So Congress proceeds to appropriate money for that purpose. Then, once the foreign government and the foreign aid administrator start selecting the individual projects, we frequently run into unwise and inane expenditures. It is at this precise point that Congress must step in and exercise some control. We do not have such control today, and we would not have it under the multiyear authorization and annual appropriation procedure.

To what extent would this procedure permit long range planning? I think the answer can be summed up in very few words.

Secretary Rusk and Secretary Dillon have said:

Such an authorization would not provide Congress authority for advance commitments. The future availability of United States funds would still be subject to annual appropriations in amounts which could be known for only one year at a time.

The annual appropriations process alone would create uncertainties, but these uncertainties are multiplied by reason of the fact that in the past there has been a substantial lack of correlation between what has been authorized and what has been appropriated.

It is frequently said that the Executive branch gets a high percentage of the total funds it is requesting for foreign aid. This may well be true, but the important question is whether previous administrations have been able to make plans for the utilization of a certain type of foreign aid, only later to have that aid cut drastically.

I respectfully point out to the Senate that in 1959 Congress authorized the appropriation of \$1.8 billion for development loans to be used over a 2-year period. The amount actually appropriated was \$550 million for the first year and \$600 million for the second year. Therefore—and this is important—over a 2-year period the difference between the authorization of \$1.8 billion and the appropriation of \$1.150 billion was \$650 million.

What kind of long-range planning does a system such as this permit, when the administration gets only about 60 percent of the money it is led to believe it is going to get for development loans?

I would agree that the multiyear authorization and annual appropriations proposal represents some small improvement over the procedures we have today, but I submit that, in the main, it is open to the same loopholes which permit wasteful practices and discourage long-term planning.

In summary, then, I have shown that under the present appropriations procedure, once appropriations are approved, unwise projects may be undertaken during the fiscal year and neither House of Congress has any veto before they are commenced.

I have also demonstrated that this problem would continue to exist under the borrowing authority procedure proposed by the administration and that there would be added to it one additional problem which would be caused by international agreements which involved a promise by the President to lend money out of funds allocable to a future fiscal year. This would require the Appropriations Committees to breach international agreements every time they place limitations on borrowing authorities.

I respectfully suggest that there is a middle course available to the Senate, and in an effort to achieve this course, I have prepared several amendments which are similar in character, and therefore, I shall refer to them as my amendment.

THE AMENDMENT WOULD AT THE SAME TIME ENCOURAGE LONG-RANGE PLANNING AND ASSERT IN NO UNCERTAIN MEASURE THE INTENT OF CONGRESS TO MAINTAIN CONTROL OVER FOREIGN AID EXPENDITURES

This amendment states that no loans shall be made in excess of \$10 million unless there shall have been submitted to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs in the House of Representatives a detailed report of the purposes and terms of the proposed loan. The amendment further provides that the loan will not go into effect if either of these committees, within a period of 30 calendar days following the date of the loan report, adopts a resolution disapproving the transaction.

Senators may ask, "What does this amendment do that is not already accomplished under the appropriations procedure and what does it do that cannot be done under the Government Corporation Control Act procedure?"

The answer is simply this: Once the international lending agency gets its budget approved under the regular appropriations procedure or under the Government Corporation Control Act procedure, there is not any element of day-to-day control which permits the committee to step in any say, "This is a bad loan—do not make it."

Under the proposal I have brought forth, if either the House Foreign Affairs Committee or the Senate Foreign Relations Committee thinks that the loan is for a useless or unwise project, the committee can simply vote to disapprove the project and the international lending agency is stopped cold in its tracks. It would not matter how much money the lending agency had at its disposal; it could not proceed with loans which met the disapproval of the Senate Foreign Relations Committee or its House counterpart.

Madam President, this represents a control we do not have today, and a control we ought to have.

The administration has explained that if the borrowing authority procedure is approved, it is the expectation of the executive branch that limitations would be imposed upon the development lending program only if Congress brought forth affirmative reasons for imposing such limitations. The burden of proof would be shifting. It is now incumbent upon the administration to justify its budget annually. We are asked to allow the administration to enter into long-term commitments which would provide for the lending of funds to become available in a future fiscal year. In a word, Congress must seek to justify the cut. The administration will no longer seek to justify the money request. Such a change is not to be made lightly. If Congress is to yield some of its authority on a year to year basis, it must increase its authority on a day to day basis.

The distinguished senior Senator from Virginia has brought sharply to focus the fact that the Government Corporation Control Act is chiefly a device to require Government corporations to keep books which are capable of a genuine audit. If we rely solely on this act, we will be yielding to the administration more authority than I am willing to see Congress relinquish. I can understand why the President wants to be able to make long term commitments which provide for the lending of funds which will become available in future fiscal years, but I do not want the Appropriations Committee, or any other committee, to be breaching an international agreement every time it cuts an expenditure.

Let us tell the administration, "We will let you plan on a long-range basis. We will let you make commitments on a long-term basis. But, we want you to submit every project involving \$10 million or more to the Senate Foreign Relations Committee and the House Foreign Affairs Committee so that they can exercise a veto if they feel it is unsound." Then if we have roads being built to go absolutely nowhere, or if we have building projects that constitute an improvident use of the taxpayers' money, we can turn to these committees and ask the reason why.

Naturally Congress cannot expect the Foreign Affairs and Foreign Relations Committees to pass on the merits of foreign aid loans with the help of only the limited staffs they have today. I think there is implicit in the proposal I have advanced the requirement that additional trained staff workers be made available to these committees.

There has been a great deal of talk about the desirability of permitting the General Accounting Office to take on additional personnel in connection with its foreign aid review operations. It is thanks to the General Accounting Office that we have discovered much of the waste and mismanagement in our overseas programs. I will strongly endorse any move to give the Comptroller General whatever additional trained assistants that may be necessary to keep the committees fully informed concerning the foreign aid program.



Senators may ask themselves, "Why is the Senator from Vermont suggesting that the Foreign Relations Committee rather than the Appropriations Committee be utilized for the week-to-week watchdog check on foreign aid loans?" I did not reach my conclusion without serious thought and study. Some of the considerations that prompted me to recommend that the Foreign Relations Committee be given this task are the following:

The fact that the Foreign Relations Committee devotes its entire time to foreign policy matters.

The fact that there are within the foreign relations group experts on various areas of the world.

The fact that the members of the Appropriations Committee must concern themselves not only with foreign aid but domestic expenditures as well.

I may point out at this time that the Appropriations Committee will still be charged with the responsibility of reviewing from year to year the foreign aid program as a whole.

To sum up, I believe that if my amendment were in the foreign aid bill the administration could introduce more long-range planning into our foreign aid program and at the same time Congress could keep a watchful eye on loans made abroad—not on a year-to-year basis as is done now—but on a week-to-week, project-by-project basis.

Mr. BUSH. Madam President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. BUSH. Would the Senator rather complete his statement before he yields for a question?

Mr. PROUTY. No. The Senator may ask a question.

Mr. BUSH. I wish to ask the Senator a question about his amendment, which is identified as "8-8-61-C"—

Mr. PROUTY. May I say to the Senator that I have several amendments. There is some difference in each one.

Mr. BUSH. Yes, there is some difference in each one, but this point applies to possibly at least two of them. If a submission of a project of more than \$10 million is made to the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House, and if either of the committees, within a period of 30 days, does not approve, or adopt a resolution disapproving, is there any recourse for the agency to appeal to the Senate and the House?

Mr. PROUTY. Under the provisions of the amendment the disapproval of a loan would stand unless the loan request were submitted again by the executive branch. Resubmittal would call for a new evaluation by the congressional committees.

Mr. BUSH. In other words, they have a final veto, under the provisions of the Senator's amendment?

Mr. PROUTY. I think that would be true.

Mr. BUSH. Is it the Senator's intention to impose that much responsibility on the committees?

Mr. PROUTY. I feel the Foreign Affairs Committee of the House and the Foreign Relations Committee of the Senate are highly qualified to exercise

sound judgment in this respect. They will insist, first, that those presenting the program and making the request for the loans will have to present a good case in order to receive the tacit approval of the committee.

I served in the Foreign Affairs Committee of the House and, after working many hours, frequently we were not able to get the information necessary in order to evaluate proposals which came before the committee. It is to correct this situation that I propose the amendment, although I am willing to concede that my proposal may be altered.

Mr. BUSH. I am very much interested in the amendment. I am a sponsor of the Saltonstall-Kennedy amendment, which is similar in its objective to the Senator's amendment. I think the Senator from Vermont has a good point in offering the possibility for the Foreign Relations Committee and the Foreign Affairs Committee to act, rather than the Appropriations Committees. I am a little intrigued with that idea, rather than to have the referral made to the Appropriations Committee, because of the fact that the Foreign Relations Committee and the Foreign Affairs Committee in the respective Houses are really much closer to the problems of ICA and the Development Loan Fund than are the Appropriations Committees, which are very much larger and much more diversified committees.

Mr. PROUTY. I think it is very true, and I should like to point out to the Senator, I want to be very clear that if either the House Committee on Foreign Affairs or the Senate Foreign Relations Committee disapproves of a certain request for funds, there would be nothing to prevent the administration from presenting that request at another time or in a different form, so that disapproval does not mean that a particular request could be shoved into the back-ground forever.

Mr. BUSH. It does, however, give a final disposition of it in the form it comes down to each of these committees. That is the point I wanted to make clear.

Mr. PROUTY. A temporary disposition.

Mr. BUSH. It is not just a hold order, meaning it would have to be referred then to the House which that committee represented. It gives the committee the final veto, so to speak.

Mr. PROUTY. That would be very true at a given time.

Mr. BUSH. I thank the Senator for yielding.

#### CONCLUSION

Mr. PROUTY. Madam President, I have spent most of the years of my life in private business and planning ahead; multiyear planning, if you will, makes sense to me. I know of no successful business that operates on a year-to-year basis. Success demands foresight and foresight means planning ahead. I have no doubt multiyear planning can improve the foreign aid programs in the various countries and save us money besides.

The basic issue is whether this can be achieved without the grant by Congress to the executive branch of unusual power

and authority and without abdication by Congress of its constitutional responsibilities to the people of this country. I believe my amendment makes this possible.

Madam President, some may say it is all very well to protect the taxpayers of our country by providing for congressional control of expenditures and long-range planning but can we afford a foreign aid program?

To them my answer is that when the chips are down we can afford whatever is required for our survival.

Reasonable men may differ as to the cost of that requirement.

In the absence of foreign aid, both economic and military, we would be compelled to strengthen enormously our military posture even beyond the recent authorized increases and, according to all responsible military authorities, that cost would come even higher than the high cost of foreign aid.

And, it must be remembered, that foreign aid expenditures are not all outgo. The greater part of it is spent in this country and is a boost to our own economy.

But even were it possible for our country to remain safe and secure in these times without a foreign aid program, we would still be faced with the appeal to our humanity to try to help solve some of the problems of the newly emerging nations, of misery, of hunger, and of political and economic enslavement of millions of human beings.

In the words of the July 14 encyclical of Pope John XXIII:

The solidarity which binds all men and makes them members of the same family requires political communities enjoying abundance of material goods not to remain indifferent to those political communities whose citizens suffer from poverty, misery and hunger, and who lack even the elementary rights of the human person. This is the more so since, given the growing interdependence among the peoples of the earth, it is not possible to preserve lasting peace, if glaring economic and social inequality among them persists.

Madam President, here is a reverend challenge to our humanity to match the impious challenge of communism to our security.

The challenge from both sources is clear. The opportunity is here. We must face up to the challenge. We must utilize the opportunity. We must find a way to bring the blessings of freedom and higher living standards to those in need while we preserve those blessings for our children and in our children's children.

Madam President, I have stood ready and I stand ready to listen to Senators bring forth solutions to our problem. I have judged them and I will judge them solely on their merits. My amendment has been offered solely as a way out of our dilemma without considerations of personal vanity or partisan politics. I invite others to judge this avenue of approach in the same objective manner.

I wish to make it plain that notwithstanding some rather severe reservations I have for the amendment of the senior Senator from Virginia, I may well cast vote for it if the administration evi-



dences no disposition to consider the compromise proposals which have been advanced.

Mr. FULBRIGHT. Madam President, I wanted to ask the Senator a question. Has he finished?

Mr. PROUTY. Yes.

Mr. FULBRIGHT. I appreciate the spirit of the Senator's questions, but I have some questions I would like to ask him.

What is the principal purpose of the Senator's amendment? Does he believe that the committee should evaluate the engineering questions and economic estimates of the executive branch?

Mr. PROUTY. I certainly would expect the committee to thoroughly understand the need for the programs and their justification. Obviously, I do not expect the committee would approve of engineering details since they are obviously not in a position to do so.

Mr. FULBRIGHT. My point is this, we have analyzed the general objectives of this aid program and the broad approach to the problem but the Senator's proposal will involve an examination by the committee of specific engineering projects. It seems to me, that this might require a committee staff competent to determine the validity of the engineering reports and of the economic estimates. I question whether, as a practical matter, this is a function you think our committees could adequately perform.

Mr. PROUTY. Of course, the Senator knows that is not what I am suggesting. He would not recommend that the Public Works Committee have a large corps of engineers on their staff. Yet this committee passes on the merits of domestic projects. So, too, could the Foreign Relations Committee evaluate the merits of a foreign aid project without a large staff of engineers.

If the Senator will review the testimony and some of the questions which he asked of witnesses appearing before his committee—and may I congratulate him on the questions—I found them, the questions, excellent—the answers in many instances were meaningless. The Senator proceeded time and time again to persuade these witnesses to explain why this aid money was necessary, particularly in the southeast Asia area. If he will review the testimony—I am sure he has it well in mind—he knows that he was not at all satisfied with the answers and the general approach followed by some of the representatives of the ICA and others.

Mr. FULBRIGHT. I agree with the Senator that this was often the case. However, we are now confronted with the problem of how we deal with still more complicated matters.

The committee, in spite of the inadequacy of some of the testimony, had to decide whether this long-term borrowing approach is the best procedure.

We have taken the decision, and recommended this approach to the Senate, notwithstanding the reservations of some Senators. It is a case of the committee authorizing a very large undertaking.

Now, your amendment, as I understand it, would expose this power that we give to the Executive to a veto power, resting with a single committee of Congress. This raises, first and foremost, the important question of whether such an action would be within the spirit of the Constitution.

I think this is quite different from the Legislative Reorganization Act, in which we provide for making this decision whenever it involves merely the transfer of function.

Mr. PROUTY. Would the Senator prefer—

Mr. FULBRIGHT. I think that is quite a different problem.

Mr. PROUTY. Would the Senator prefer operating under the Legislative Reorganization Act, which I believe has been suggested by one other amendment offered, whereby any Member of Congress could offer resolutions.

Mr. FULBRIGHT. As I understand it, that is the formula upon which the Saltonstall-Keating amendment is based. I think it is subject to many of the same objections that the Senator's amendment is.

Now, I have considered as seriously as I can the Senator's amendment. I have a proposed substitute which is very similar to the oversight provision in the recent bill on educational exchanges which I think obviates the inherent difficulties and yet achieves some of the Senator's objectives.

This amendment, of which I have a copy here, simply is a proposal in the nature of a compromise. The Senator stated that he hoped the administration would be willing to entertain some kind of compromise.

It reads as follows:

On page 10, after line 3, insert the following:

"SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—In any case in which the amount of a proposed loan under this title exceeds \$10,000,000, such loans shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Committees on Appropriations and Foreign Affairs of the House of Representatives.

This substitute proposal stops short of giving these committees a veto power. The Senator's amendment, if I understand it, means that the action of both Houses would be necessary to approve a program, and that then we would delegate to a single committee the power to reverse the program or veto it.

That is a novel proposal, and I believe it is subject to grave doubts.

The benefit of the amendment I propose is that while they could not veto, the committees could express their opinion about a project, and they could discourage its implementation, as the Senator knows, in many ways, either with members acting personally, or through official channels. However, it does not permit an absolute, irreversible veto, as the Senator's amendment would.

Mr. PROUTY. If I understand the Senator's proposal, it would require action by both Houses of Congress within a 30-day period to prevent the commencement of any unsound project.

Mr. FULBRIGHT. The objective of the amendment is to give Congress the power actually to deal with large individual loans on a workable basis. I find a proposal that we should review individual loans on their merits a very difficult thing to reconcile with my views of this program. The Senator will note that the criticisms I made and the questions which I raised in the hearings were not so much directed at individual loans in the program, but to the broader questions of the amounts and the priorities that had been given to whole nations and whole areas, largely in terms of grant aid. I do not recall that I had any criticism to make of the lending program. I have accepted it, without the assurances that I sought, because we never get exactly what we want, and the overriding considerations caused me, as I have said, to vote to report the bill.

I still have hopes that we can influence the administration to undertake a review of some of these questions we raised. I do not recall any precedent for bringing before Congress individual loans such as is contemplated by the Senator, not even domestic loans. I do not recall that we have ever been called upon to approve individual loans made by the RFC. They made a great many. We have often criticized them afterward, but our purpose was not to veto other loans but to reform policy, or to try to change standards or criteria. We held hearings and we went over many of the loans, and then we made proposals for legislative action. We either tightened the general restrictions or we laid down new criteria. We did not veto a loan. If they made a loan to the B. & O. Railroad or to the Pennsylvania Railroad, or to anybody else, we did not undertake to say, "You shall not make the loan." If we thought it was imprudent, we tried to develop better criteria for future loans. That was the general approach to the problem.

Mr. PROUTY. With respect to programs going on in this country it is relatively simple to exercise some control over them. I realize too all the difficulties inherent in the foreign aid program. It is only in an effort to be helpful and bring at least some degree of control over the expenditures of billions of dollars all over the world that I have offered my amendment. Certainly I am perfectly willing to consider very carefully the Senator's proposal, and I am sure other Senators will do likewise.

Mr. FULBRIGHT. When it comes to making an informed and final decision on a specific loan, we would certainly feel very hesitant about doing so without having a fully qualified staff study of the subject matter. If it involved engineering, we would want to have a qualified staff do that, and we would require the necessary personnel and facilities. I do not believe that we



could exercise a competent judgment without doing that. Anything less would be irresponsible.

It is true that some committees might have attempted to do otherwise, for irrelevant considerations, but I am sure it would not be an orderly way to proceed. I believe that the suggested amendment, while it does not provide full veto power over these individual projects, would impose a definite restraint. In fact, if the planners knew a project would be subject to examination, there would be considerable discretion, and if the proposal was clearly improvident and based upon doubtful consideration, I think it would be unlikely to be offered. People who know their actions are going to be subject to this kind of scrutiny would be extremely careful.

I find myself unable to go the whole way with the Senator and say that we shall give a single committee of Congress the power to veto the programs of the Executive which the whole Congress has solemnly authorized in following the normal deliberative process.

Mr. PROUTY. I have the greatest respect for the Senator's committee, and I believe Congress would approve in most instances any action which the committee might take in the way of disapproval.

Mr. GORE. Madam President, will the Senator yield?

Mr. PROUTY. I yield.

Mr. GORE. A determination upon a given development loan which may involve many policy questions is in fact an executive function. Should Congress undertake to exercise veto power over a particular loan, it would, it seems to me, be undertaking to that extent to partake of the executive function, a kind of function which the legislative branch is ill equipped to discharge.

The compromise which the distinguished chairman of the committee has suggested would, it is true, afford a 30-day period in which Congress could, if it so desired, act affirmatively. Even there I would think Congress would do so with the greatest of reluctance and only after very severe provocation. I would hope therefore that the distinguished Senator from Vermont would not press legislation which partakes of this executive function, more particularly in the foreign policy field for which we are so ill equipped, but would consider, as a considerably effective contribution on his part, the adoption of the amendment which the distinguished junior Senator from Arkansas has proposed.

Mr. PROUTY. I am grateful to the Senator. I certainly shall consider the amendment of the distinguished Senator from Arkansas. I have not called up any amendment at the present time, as the Senator knows.

Mr. FULBRIGHT. I appreciate the Senator's statement. I would like to cooperate with him. I do not profess to know all the answers to this question, but I can see great difficulties with giving such a veto to a single committee.

We do know that Congress at any time can repeal the law if that should become advisable.

Madam President, I yield the floor.

#### HIJACKING TO HAVANA OF PAN AMERICAN PLANE ON FLIGHT FROM HOUSTON TO MEXICO CITY

Mr. SCHOEPP. Madam President, I believe it may be of more than passing interest, because of proposed legislation with reference to the hijacking of planes, that I report on the following item which appears today on the ticker, from New York:

NEW YORK.—A Pan American DC-8 jet was hijacked today after it had left Houston, Tex., on a scheduled flight to Mexico City, a spokesman for the airlines reported.

A spokesman at Idlewild Airport said the plane, with 72 passengers and a crew of nine, was "diverted to Havana."

The plane, which left Houston at 10 a.m., e.d.t., and was scheduled to arrive in Mexico City at 12:30 p.m., e.d.t., was reported scheduled to land at Havana 3:40 p.m., e.d.t., according to the Pan Am spokesman here.

I may say to the distinguished Senator from Wyoming [Mr. McGEE], who also is a member of the Commerce Committee, and is about to address the Senate, that I am sure he agrees with me that the importance of the consideration and the passage of proposed legislation in this field, which is to be reported from our committee, is emphasized all the more vividly by acts such as this one.

Mr. McGEE. Madam President, the Senator from Kansas is so correct in suggesting that the additional incident today brings home all the more vividly the urgency of the taking of quick action on measures to deal with the hijacking of aircraft.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. McGEE. Madam President, I wish further to consider the discussion which is under way on the foreign aid program and particularly to weigh some of the long range aspects of that measure. The question comes to a head when we consider the lessons from the past; and in certain unfortunate instances some of the mistakes. Whatever else in our kind of society, we still possess the right to make a mistake, provided we learn from that experience. Yet, given all the mistakes, on balance, which are laid before us on the floor as we consider this measure, I believe one has also to commit the gains that we in this country have made around the globe.

For a very desperate period we were concerned about the immediate encroachments of Communist imperialism in large sections of the globe.

I think it a fair statement to suggest that in military terms, after many sacri-

fices and many risks and great costs, we have arrested this advance.

However, with the adeptness of the Soviets and of the Communist group in trying every tactic and every conceivable means to attain their goal, the problem now assumes quite a different context, with different proportions, than faced us 15, 10, or even 5 years ago.

While our immediate task after the war and for more than a decade was the stopping of the geographical expansion of world communism, the task which concerns us now and the opportunity which presents itself to us now is not only that of stopping communism, but helping people. This ultimate phase is the greatest opportunity that faces a country like our own. It is this which gives us the chance to do that which we in this country have proved in our history we can do best.

As the noted historian Toynbee has said:

Our age will be remembered not for its horrifying crimes or its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race.

What it comes down to is our opportunity now to measure what it is that we as a people can do for people. Our opportunity to project the strongest and most inspiring kind of image not only of America but of the way of life we hold out to the rest of the world as preferable to the alternatives which are now presented.

The providing of aid to the underdeveloped countries, especially the newly emerging ones, involves probing new and untried fields where there is no past experience to act as a guide, fields other than those into which we have already ventured.

Madam President, we undertake this task not without some experience and not without having witnessed a most important course of events in the world.

Today we view the periphery of what was once an area of expanding Soviet aggression, whether in the East or in the West. But today a definitely more stable situation is emerging there. In southeast Asia, where the now independent countries were once given not even 6 months to live, their governments are becoming strong. And there is no indication that they will not continue that growth in the immediate future.

In India, once the soft spot of Asia, as to which uncertainties prevailed as to whether she could marshal her resources well enough to be able to challenge the potential test posed by Communist China, we find today great and lasting progress.

And so, Madam President, as our eyes range across the rest of subcontinent, we find similar progress being made.

In the Middle East, where the tensions were once so great, conflict, at least has been held in check. And even in Iraq, although once we were told that when Mr. Kassem came into office, he would take Iraq into the Communist camp, we



find some of the strongest anti-Communist statements being issued.

In Egypt, where once the government seemed to be playing footsie with the Kremlin, we find that at this time Mr. Nasser himself has issued a series of extremely strong pronouncements against the Kremlin.

Furthermore, Madam President, the rest of the periphery shows the kind of firming up which indicates that, for the moment, although there is neither war nor an enduring victory in the quest for the rights of peoples around the earth, we now have won a chance to do something about the peoples everywhere on the globe who seek a better stake in life. The price we have already paid for that chance and the risks we have already taken in earning that chance should haunt us every night. What we do with it is to be spelled out by means of the effort which now unfolds itself before us in what the President of the United States himself has described as the new decade of development.

I think one of the wisest pronouncements which has been made was the simple suggestion that some day, when the historians write our history, those who read the few pages which will be required in order to deal with the events of this period will learn that the great stress was less on Communist aggression than it was on the exploding aspirations of people, the emergent dignity of nations, the requirement that peoples be free, regardless of their nationality or the color of their skin. This should be the dominant overtone of our time.

Therefore, this becomes our American target and goal and the substance of a program adopted in an effort to achieve a better atmosphere and a more favorable climate for conditions which we believe to be necessary for the continuance of the human race on the earth.

In providing a new approach to that very troublesome and often confusing phase of our foreign policy, I believe it well to remember that the present administration has proposed lines of conduct which give us reason to believe that a new day is dawning for the decade ahead. I suggest that the incidents of the past not be allowed to plague our thinking or our dealing with the opportunities of the present and of the future, as we make these new approaches.

We are setting up new and tangible goals for self-sustaining growth which will help these countries help themselves, because self-sustaining self-interest is the primary incentive. We are providing the sinews, the vital means of help that will bridge the gap between their capabilities and their urgent need for speedy development in achieving their own ends.

I hasten to add that these are not just bridges; instead, they are long-range, permanent changes which can be effected. Our aim must be to help these societies raise the level of their living standards and to change the fabric of their economies. This must result not only in the building of ports or dams or bridges or roads, but also in the setting up of criteria for human progress

through the improved use of human resources.

Madam President, can a time element be applied to these needs? I seriously question whether any living man is sufficiently omniscient to be able to sense whether these things can be done in 2, 3, 5, or 7 years. Yet we can measure these specific projects in terms of termination dates.

Madam President, we are concerned with more than the preservation of a military alliance. We are concerned with developing friendships, preventing what might once have been the collapse of an economy, aiding in the development of peoples and assisting them to obtain the fruits of an abundant life on this God-given earth.

This, then, is the real substance, the meat of the new approach to foreign aid that is ours to consider at the present time.

In providing this, I think we do well to go into it with some regard to experience, for it can show us the type of program which will give us, the results we seek. There is an immediate advantage to be had by profiting from such experience. The type of specific program that starts peoples and nations on their way to self-respecting independence will be the ultimate measure of our country's contribution to the opportunities for a free and uninhibited international existence on the part of all national groups. It is this that is the true face of America.

We find it difficult to project in an inspiring way just the military face of our country, for militarism, in the form in which we have been compelled to adopt it, is negative. It is indispensable, but it is negative. People everywhere have asked many of us, as we have traveled in various parts of the world, "What are you for?" I think we now have an opportunity to make clear to the rest of the world what America is for.

For example, I remember an interesting experiment in India, which we observed when we were there several years ago. It shows in specific terms the opportunities we have, with relatively small expenditures of funds, to do a great deal in terms of net gain. The experiment I have in mind had to do with quadrupling the fish catch in India. India has, as part of her 5-year program, the attainment of self-sufficiency in the production of food. The goal of providing enough food for her 450 million people will at best take a long time to achieve. But with the aid of a small financial grant from the United States, and working with India's Ministry of Agriculture, the United States aided India's special fish production development program so as to multiply it 400 percent in a very brief time. The result has been that refrigerated transportation introduced into the subcontinent has made fresh fish available in many parts of India, where otherwise the people would have been far short of the amount of protein food so necessary as part of a balanced diet.

I hasten to add that the project now has been turned over to the Government of India, which it runs and pays for it.

This, then, is one of the measures of a determinable kind of program that is of help to peoples who desperately seek to help themselves.

Madam President, a few minutes ago, the Senator from Kansas [Mr. SCHOEPFEL] called attention to the hijacking of an airplane which occurred today. That incident is not unrelated to one aspect of the matter we now have under discussion, in that when there is such a hijacking, there is a strong temptation to seek a quick solution. The incident is aggravating and disturbing, and makes one wish to take quick action, and the great danger is that we shall take a drastic step in an attempt to appease an emotional frustration. This action may do a great deal of harm, instead of good, which would result from a sober consideration and solution of the problem. This is all the more reason why we should concern ourselves with trying to improve the lot of persons around the world who live under conditions which encourage those who advocate another way of life "to go fishing" from time to time.

A specific case in point came to our attention in Africa, last winter, when we were visiting in Ghana. There, in a part of Ghana through which we traveled, there were 1,500 square miles, an area larger than that of the State of Rhode Island, which, because of a water shortage, was ruled to be unfit for agricultural and livestock development. By means of a cooperative effort on the part of our Government and the Government of Ghana, four American technicians helped to plan and supervise the construction of a number of dams and a rebuilding program for the area. Three Ghanians received training in the United States. By early next year Ghana will have put into this project about \$1,225,000, and the United States will have put into it \$217,000. Out of it will come an area which will help the Ghanians to help themselves—an area that will permit new grazing facilities and new agricultural development that will make it possible for Ghana to sustain her independence.

There are many other cases in point. I have selected two or three, to suggest that we already have experience on which we can draw for guidelines as we shape our response to the opportunity now presented to us.

But no single experiment or experience excites me more than does one of personal concern to me, and of personal concern, also, to the occupant of the chair, my distinguished colleague from Wyoming [Mr. HICKEY]. I refer to a part of the foreign aid development program in which the University of Wyoming has played a most vigorous part. This is through the contract the University of Wyoming had with the Government of Afghanistan. As we know well, Afghanistan lies in one of the critical peripheral areas of the world. It is bounded on the west by Iran, on the south and east by Pakistan, and on the north by Soviet Russia. Afghanistan lies astride and athwart the gateway to India, by means of the Khyber Pass.



Thus, for strategic reasons Afghanistan has long been a critical area. For years she was a backward area; and she still is, in many respects. But the University of Wyoming was chosen to work as a partner with Afghanistan, in an attempt to see what could be done to help that country help itself. The University of Wyoming was selected because in part of the similarity of the geographical features and climatic conditions of Wyoming and Afghanistan.

Both areas have to depend a great deal on grazing. And because of the similarities there, there seemed to be a tie in of interests.

The story that follows from 1954 and 1955, when the University of Wyoming went into Afghanistan with this program in agriculture, engineering, and teaching, is the story of a small State and Commonwealth, Wyoming, with 300,000 people, creating a considerable impact on an independent country of the world that lay some 12,000 miles away. It is additionally significant because that country is literally on the frontline in the power struggle between the Soviets and the Americans; between the forces of freedom and those of totalitarianism.

The location of Afghanistan created an opportunity, but likewise presented risks and dangers. Afghanistan is largely agricultural. It has to depend on the development of new sources of water to bring its parched areas under additional cultivation. So, to undertake the task at hand, under the direction of the University of Wyoming, a vocational agricultural education program was established in Afghanistan. Between fiscal 1955 and 1960 our university provided advisers and instructors for an aid project aimed at establishing a vocational agricultural high school in Kabul. Columbia University Teachers College provided English instructors. Afghanistan made available utilities, building materials, maintenance services, and funds for operating expenses.

As a result, the Kabul Vocational Agricultural High School was established, and to date 195 students have been graduated, with two-thirds going on to university level. Special teaching materials were provided to equip primary teachers to give instruction in agriculture. A demonstration garden and poultry project is used as a teaching device. Kabul Vocational Agricultural School now has an enrollment of nearly 250 students. An important attribute is that that vocational agricultural school, once manned by the professional personnel from an American university, is now directed by citizens of Afghanistan, with only one or two professional appraisers standing by as counsel and advisers in troublesome situations for which the Afghans have had no earlier parallels in their own experience.

This becomes a rich experience, not only for what it has done for Afghanistan in educational instruction, but it illustrates that there is a terminal point. At the beginning, it was a long-range program, but they themselves have taken measurable steps with our assist-

ance to take over their own opportunities in education.

With respect to the Afghan Institute of Technology, Afghanistan needed a technical school adequately equipped and fully staffed by Afghan personnel, to provide technical training at secondary level.

Aid from the University of Wyoming provided technical advice and participant training for the institute. The Government of Afghanistan constructed the physical plant facilities, and provided utilities and operating costs and maintenance of boarding students.

More than half a dozen Afghan education specialists were trained abroad and returned to the institute, where they are teaching at the present time.

Total enrollment in this technical institute is now well over 300, with 60 graduates annually.

The University of Wyoming successfully completed its mission, and the Afghan staff is growing as the number of American participants and experts is declining. Today there are 27 Afghans on the staff, and 4 Americans.

Or, if one considers the fact that agriculture and engineering are on a higher level in education, once more it is the same story we have to tell. The project began in 1956 with the University of Wyoming providing technicians and some commodities necessary for professional training.

As a result, a 4-year curriculum in basic agriculture and engineering were designed and instituted in 1956 at Kabul University.

Practical experience in plant science with demonstration plants scattered around the country occurred.

Eighteen Afghans were sent to the United States for advanced training in agriculture and engineering.

Enrollments continued to mount. These people are now able to provide their own expert personnel in this highly technical field.

The same can be said about long-term agricultural development plans across the country of Afghanistan as a whole.

As a consequence, once more, the impact on the primary, secondary, and university level is measurable, and indeed considerable.

At the same time we have been reading headlines about the great inroads made by the Soviet Union in Afghanistan, I think this must be said. Russia is across the border, next door. The Russians have had some dramatic success in building silos, surfacing roads, and extending several millions of dollars in credit at low rates of interest to the Afghan Government. These have been dramatic and have been designed to capture the imagination, and presumably, the allegiance of the Afghans. The Russians have been giving them everything in their effort to try to bring these people into their fold.

Out of it all the record shows that, in material development, the Russians have put into Afghanistan twice the amount of money that our own Government has sought to invest there. Yet out of it, where do we stand? I think the simple

explanation of the relative postures of our two governments in Afghanistan was best put by a citizen of that country, a well-educated man, who said:

Although we have given permission to the Soviet Union for airports, silos, bakeries, and roads, we have given the minds of our children and our youth to the United States. It is the Americans who are shaping our minds.

There, in my judgment, is the nub of one of the most exciting opportunities we have, multiplied many times in almost unlimited corners of the undeveloped areas of the world.

When we come to measure how we inspire people, how we invite their cooperation, I think we should turn more and more to these less tangible fruits of the American way. I mean the dignity of the individual, education, rise in social status, and creation of new economic opportunity. For this we have a measure of comparison in a critically important and strategically situated land, Afghanistan.

Although the Soviet Union continues its economic efforts and its political bombardment, I think the telling blow in the whole struggle is what we have done in education. What it says to us is that the ultimate victory in the kind of contest that is going on now cannot necessarily be measured in legions, in regiments, in planes. It is going to be measured in the minds of men. And before those impatient Americans sell us short, let us be certain that we take a long look and take a long measure of the kind of cooperation and help that stands the test of time. That is not equated on statistical tables at the expiration of an annual budget or at the end of a fiscal year. It can be measured only in the hearts and souls of men.

So, under the circumstances, the experience of the University of Wyoming in that land discloses that here, in this simple way, we have the opportunity, by multiplying it many times, to project what I would regard in our history as the most exciting and the truest American profile—good face of America, in extending help to those who seek to help themselves.

We know, as we assess our role in these days, that there are forces sweeping around the globe, over which we have very little control, if any. I hasten to add that these forces would be sweeping around the world if there were not a Russian in the world, if there had never been a Communist in the world. These are the forces that America can change. They are forces that stem from the innermost wellsprings of humanity, that reflect human aspirations for a better life, and that represent human dignity and the expression of the individual.

I submit that, in all candor, the Communists, or the Soviet Union cannot call the tune on these forces. Unfortunately, much of the time the Communists have recognized the forces for what they are and have tried to channel them into their own carafe, where they see a possible hope to twist them into their own patterns.



I hasten to add that we have failed by seeing in every movement of this sort that goes on around the world a Communist motivation, by seeing a Communist behind every banana leaf, and by seeing a Communist behind every coffee bean. As a result of this we have handed over to the Communists, ready-made, a propaganda weapon with which they can beat us over the head.

These forces which are loose, the forces of history, are even bigger than Republicans and Democrats, and the sooner that we face up to the force of the change that is engulfing the globe, the sooner we will be able to create for ourselves the opportunity to shape the nature of that change. The chance to take a step toward this goal is ours at the present moment.

I close with the suggestion from the inaugural address of President Kennedy when he reminded us:

To those peoples in the huts and villages across the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required—not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### SERVING AMERICA'S DISABLED: THE GREAT MISSION OF THE SISTER ELIZABETH KENNY FOUNDATION

Mr. HUMPHREY. Mr. President, on August 2, 1961, the Senate approved H.R. 7035, the 1962 fiscal year appropriation bill for the Department of Health, Education, and Welfare. This legislation includes funds for the U.S. Office of Vocational Rehabilitation and the National Institutes of Health, among other organizations.

Through this bill, the Senate took sound action to strengthen the Federal Government's health efforts. But this action does not for one moment lessen the parallel and more significant role of what the American people do for their own health through their private actions.

It is on citizen action and citizen organization that I speak today. I will refer specifically to one type of action—through the voluntary health agency.

PRIVATE ACTION NEEDED MORE THAN EVER BEFORE

The fact is that the voluntary health agency is needed more vitally than ever before. This is thanks to the wise decision of the Congress to expand Federal teamwork in cooperation with private health groups.

Mistakes and shortcomings of the past on the part of some private groups should not obscure the tremendous need for voluntary health agencies. Mistakes and shortcomings must be, and in a number of instances have already been, remedied. But the concept of enlightened voluntary action must not be impaired.

#### VOLUNTARYISM AND 20 MILLION HANDICAPPED

The voluntary health agency is widely recognized as a unique and powerful force in American life. Next to the Federal Government, it is the most important single source of funds for medical research.

The preservation and the expansion of the activities of the voluntary health agency is essential if this country is to continue to make progress in its fight against disease and suffering.

Paradoxically, the success we have had in saving and prolonging life—for which our voluntary health agencies deserve much of the credit—has in turn created new medical problems—the problems of aging, chronic illness, and chronic physical disability. The number and percentage of persons 65 years of age and over in the United States is steadily increasing. By 1980, it is estimated that there will be an estimated 22 million U.S. citizens over age 65. This age group, of course, has the highest incidence of chronic illness and disability.

The number of physically handicapped persons of all ages in the United States is estimated at 20 million.

Unless more of our disabled citizens can be maintained at their maximum capacity for usefulness, it will not be long before we are overwhelmed by their need for care and by their economic dependency.

The rehabilitation of the chronically ill and handicapped . . . their restoration to the maximum degree of self-sufficiency represent a great challenge to the voluntary health agency.

#### DR. KRUSEN'S COMMENTS AT AWARD CEREMONY

The need for a voluntary health agency to carry on a massive assault on disability was eloquently expressed here in Washington in May. The speaker was Dr. Frank H. Krusen, who is on leave of absence from Mayo Clinic, to serve as president of the reorganized Sister Elizabeth Kenny Foundation. Dr. Krusen is a world leader in the field of physical medicine and rehabilitation.

Let me quote some of the remarks made by Dr. Krusen when he received the Goodwill Industries of America award here in Washington on May 5:

In recent months, there has been a great deal of earnest soul searching going on over the definition of this country's national purpose.

It seems to me that a national purpose, like a tradition, will emerge naturally. If it's there, you'll find it without looking.

I believe that the United States has a national purpose and that we have progressed quietly and steadily toward its fulfillment. This national goal can be defined in the words—man's humanity to man.

The American people have achieved an unequaled record of progress in caring for and about their fellow men. If Americans have any single distinguishing national trait, it is a spirit of open-hearted generosity

and unhesitating readiness to help those in need.

The overwhelming testimony of this spirit is to be found in the record of public support of voluntary health agencies.

This spirit, combined with the American talent for organization and fundraising on a grand scale has created a system unparalleled anywhere on earth.

Each year, Americans freely contribute nearly \$1.1 billion to voluntary health agencies. These funds have financed massive assaults on disease and human suffering.

Everyone knows the results. Through the impetus created by the National Foundation, we have reached the point where killed virus, together with live virus, may soon be capable of virtually eradicating paralytic poliomyelitis.

Not many years ago, tuberculosis was accepted as an inescapable curse of all mankind. Now our Nation's TB sanitariums stand empty. Another voluntary health agency—the National Tuberculosis Association—was the vanguard of this victory.

In 1960, cancer detection campaigns combined with improved medical skills saved the lives of an estimated 40,000 Americans who would have died of cancer in 1945. In 1945, less than \$1.5 million was devoted to cancer research in the United States. By 1960, this figure had risen to \$130 million. The American Cancer Society has led the vast frontal attack on this disease.

Other voluntary health agencies are receiving millions upon millions of dollars to combat heart disease, mental disease, neuromuscular diseases, blindness, leukemia, and mental retardation.

The voluntary health agency system is one of the mightiest forces ever arrayed against human need and suffering.

The voluntary health agency has become the channel for vast floods of public funds for use in combatting specific diseases. However, in proportion to human need, rehabilitation has received only token support from this source.

The field of rehabilitation would be transformed overnight if it were supported by public giving on the same scale as other fields.

How can we marshal the American public's full capacity for giving behind the needs of the handicapped? This is the great question before the field of rehabilitation today.

Only thus can we finance the truly massive effort required to bring timely and adequate help to all of our chronically ill and disabled.

There is no lack of concern for the handicapped in our State and Federal Governments. But the public at large should share this concern. While Government aid is essential, the need is too great to be met by Government alone.

There are more than 20 million persons in the United States who have difficulty in moving or who cannot move about without help. These are victims of multiple sclerosis, automobile accidents and other injuries, hemiplegics, paraplegics, victims of cerebral palsy, muscular dystrophy, stroke, epilepsy, and poliomyelitis.

Three million persons in the United States are feasible for rehabilitation to the point of remunerative employment. The State and Federal programs conducted by the Division of Vocational Rehabilitation rehabilitate less than 90,000 individuals per year. This is only one-third of the total number of persons who annually become disabled through accident and disease.

Last August, Representative JOHN E. FOGARTY, speaking before the Third International Congress of Physical Medicine here in Washington, D.C., said:

"Rehabilitation services must be expanded to the point that the opportunity to benefit from these services is available to every person who needs them at the time needed."



If we accept this as our goal, it is painfully clear that our handicapped are now in the middle of a tragic rehabilitation gap.

There is a tragic gap between the number of persons who need rehabilitation services and the personnel and facilities for providing these services. There is a tragic gap between the scientific advances in this field and the techniques which are now in general practice. We possess the knowledge to restore millions of handicapped persons to independent, productive living, but, alas, we lack the trained minds and hands, the facilities and equipment necessary to apply these skills to those who need their help.

The shortage of professional personnel in the field is fantastic. The specialist in physical medicine and rehabilitation—the physiatrist—is, of course, the key man in any comprehensive rehabilitation program. How many of these specialists do we have? Less than 350—out of 241,000 physicians licensed to practice medicine in the United States. We could use 500 additional physiatrists tomorrow morning. Because of the shortage of qualified teaching personnel, physical medicine is taught in only one-third of our schools of medicine.

In 1959, there was a need for 5,800 additional physical therapists; 1,000 occupational therapists; and 12,000 social workers in all fields. There is also an annual need for 600 additional counselors trained in rehabilitation techniques.

These figures merely represent vacancies in existing rehabilitation facilities. If we had an adequate system of rehabilitation facilities, merely in terms of physical plant, the needs would be far greater.

How can we marshal the support of the American public in closing this tragic rehabilitation gap?

These remarks can be summed up by saying that only mass education and mass public giving can meet the massive proportions of the problem before us. The number of persons who annually become disabled or chronically ill through aging, accidents, and injuries is increasing each year. If we continue at the present pace, we will not be able to keep up with the rehabilitation needs of these entering the ranks of the disabled each year, let alone care for the enormous backlog of patients now awaiting help.

It is curious how our attitude toward the disabled differs from our attitude toward victims of acute illness and injury. Somehow, we feel that their conditions persist so long it makes them more bearable. We forget that the longer they endure these conditions, the greater is their suffering.

Imagine our feelings if these millions of Americans had by some tragic disaster become disabled in a single day. Such an occurrence would be greeted as a national calamity, sending a wave of shock and horror into every home in the country. And from every home, funds and assistance of every kind would pour out in a merciful flood to aid these victims.

Essentially, there is no great difference between such a national disaster and the plight of our chronically ill and disabled. This is a national calamity. And I appeal to the American people to respond to it as such. Winston Churchill once said: "You can measure the civilization of a people by the way they treat their older folks." It may be said just as truly that you can measure the civilization of a people by the way they treat their chronically ill and disabled. Measured by this yardstick, we can be proud of the degree of civilization we have attained. We have made truly astounding progress in caring for and about our chronically ill and handicapped. But the help we provide is still pitifully inadequate to the need that exists.

We must also remember that our responsibilities to the handicapped are not circum-

scribed by national boundaries. Our concern must be worldwide.

Our efforts to help the handicapped both at home and abroad can have a far-reaching influence on the attitudes of other nations toward the United States and our way of life. Rehabilitation is a triumphant affirmation of our belief in the intrinsic worth and dignity of the individual. According to this concept, eligibility for rehabilitation is not measured by an individual's potential usefulness to the state—his ability to bear arms, produce his production quota, or qualify as a useful member of society according to utilitarian standards.

Rehabilitation may mean that an individual will merely be able to raise a fork to his lips, hoist himself from a bed to a chair, or clutch a pencil in a claw-like device. It may mean that he will need an intricate arrangement of pulleys, weights, and springs to perform some of the simple actions of everyday life. But the mere fact that he is a human being is sufficient reason to exert all of our efforts to help him use his remaining abilities, no matter how slight they may be.

Imagine the impact of this philosophy on people living under other political systems. We are currently engaged in a war of ideologies, one which holds that man exists for the state and our own which holds that the state exists for man. We have sought to establish the superiority of our way of life in various ways by pointing to our high material standard of living, by vaunting our industrial might, by competing feverishly to assert our military supremacy.

But the American qualities which have a greater appeal to the minds and hearts of our neighbors can be found in our simple human concern for a handicapped child or a disabled older person.

"On the one hand the world is faced with a system under which one of its leaders—Mao Tse Tung—is capable of saying that he would readily sacrifice 100 million of his countrymen's lives to gain his military ends. On the other hand, the world sees a system which mobilizes all of the agencies of science and society to aid an individual with a damaged body return to life.

"If we can summon the full support of this country's resources of generosity, and compassion, we can close the rehabilitation gap quickly and dramatically. We can respond to the needs of our handicapped here and abroad on a scale which can win us lasting respect and understanding. And in so doing we will proclaim more eloquently than any technological breakthrough, the true meaning of our way of life."

#### PROFESSIONAL COMPETENCE OF KENNY INSTITUTE

Dr. Frank Krusen, whose remarks I have just quoted, is head of the Kenny Rehabilitation Institute, Minneapolis, Minn. The institute has attracted worldwide attention for its outstanding success in restoring the chronically ill and handicapped to a maximum degree of physical, social and vocational independence.

The expansion of this institution's services to the point where it can realize its full potential would be an enormous step forward in the field of rehabilitation.

The institute is a subsidiary of the Sister Elizabeth Kenny Foundation. Last September, the foundation underwent a complete reorganization following an investigation of fund-raising irregularities conducted by the Minnesota State attorney general's office.

The Kenny Rehabilitation Institute was in no way implicated in this investigation.

The reorganization resulted in the removal of the officers charged with mis-use of funds, and placed the foundation in the hands of a group of outstanding citizens, representing the clergy, the medical profession, banking and industry.

The integrity of the foundation is now beyond question. Remedial steps have been taken so as to assure the most unimpeachable procedures and personnel. The foundation will be a model for other voluntary groups.

The new Foundation was extremely fortunate in securing the services of Dr. Krusen as president of the Foundation and director of the Kenny Rehabilitation Institute.

Prior to accepting this appointment, Dr. Krusen was for 25 years associated with the Section on Physical Medicine and Rehabilitation at Mayo Clinic, Rochester, Minn., first as director of this department and later as senior consultant. He was granted an indefinite leave of absence from Mayo Clinic in order to accept this post.

Dr. Krusen is one of the world's foremost authorities in his field.

His pioneer work in the field of rehabilitating the handicapped has earned him the unofficial title of "Father of Physical Medicine."

Serving on the new Kenny Foundation Board of Directors is another outstanding leader in the field of rehabilitation, Dr. Frederic J. Kottke, director of the Department of Physical Medicine and Rehabilitation at the University of Minnesota.

Minnesota's leadership in the great humanitarian mission of helping the handicapped was evident last year when Dr. Krusen served as president of the International Congress of Physical Medicine held here in Washington, D.C., while Dr. Kottke served as president of the American Congress of Physical Medicine which sponsored this worldwide gathering.

Minnesota has made vast contributions to many areas of medical science through the University of Minnesota Medical School and Mayo Clinic. The Kenny Institute and the rehabilitation center, with the University of Minnesota, offers the potential for making an equally great contribution in the field of physical medicine and rehabilitation. If it receives the support it deserves the Kenny Rehabilitation Institute can make an enormous contribution to closing the rehabilitation gap.

#### REHABILITATION CENTERS IN THE MAKING

I am hopeful of further great achievement along these lines.

Part of this hope rests on the splendid decision of the Senate and House Appropriations Committees to provide in H.R. 7035 for Regional Rehabilitation Centers in the United States. These centers would really be national "show-cases"—national models of the greatest deeds of physical medicine and rehabilitation.

The case for these centers had been made in eloquent testimony before both committees by both Drs. Krusen and Kottke. The American people will always be indebted to these two great in-



basis of disability, under subsection (c) thereof".

SEC. 3. The amendments made by this Act shall be effective with respect to annuities beginning to accrue in calendar months after the calendar month of enactment thereof.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. CHURCH. Mr. President, one of the salutary developments in these otherwise bleak post-World War II years has been the economic recovery and subsequent economic boom in Western Europe. The emergence of economic vigor combined with freedom and political stability in this area has been, among other things, a strong deterrent to the spread of communism. It is also a tribute to American foreign policy. Funds provided under the Marshall plan

seeded and nourished Western Europe's prodigious economic growth.

No one could contend that the role of the United States in Western Europe has been other than generous. In addition to the billions of dollars we have spent there since the end of World War II to promote full economic recovery, the United States has formally committed itself to the defense of Western Europe. We have joined the NATO Alliance. We have kept large contingents of American troops in Western Europe at our own expense. Today we maintain five divisions in West Germany in readiness to defend that country or, if need be, Berlin.

But in addition to all this, Mr. President, we have long subsidized the military forces of our NATO partners in Western Europe. There was a time, perhaps, when this was justified, in the years immediately following the war. However, during the past 10 years, since 1950, it has become increasingly apparent that these countries can easily afford to maintain their own military establishments without further help from the United States. Indeed, some of these countries have now become so prosperous that their per

capita income rivals that of some of our American States.

Yet, throughout the whole 10-year period, our military assistance program to these countries has continued unabated. Between 1950 and 1960, we have given nearly \$13 billion worth of military aid to our NATO allies in Western Europe alone. Congress stopped further substantial economic aid to these countries 7 years ago, recognizing they had fully recovered their capacity to be self-supporting. It's long past time for us to take a stand on military aid. Unless we do, the subsidy will never stop; it will continue forevermore.

Mr. President, in order to show the amounts of military aid we have furnished our NATO allies in Western Europe over the past decade, I ask unanimous consent to have printed in the RECORD at this point a chart detailing these figures on a country-by-country basis, and giving the totals of the 10-year period, as well as the breakdown for each year since 1956.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

NATO-U.S. MAP deliveries, defense expenditures, and defense expenditures as percent of GNP, by calendar year

[Millions of dollars]

Country	Total, calendar years 1950-60			Calendar year 1960			Calendar year 1959			Calendar year 1958			Calendar year 1957			Calendar year 1956		
	MAP deliveries <sup>1</sup>	Defense expenditures		MAP deliveries <sup>1</sup>	Defense expenditures		MAP deliveries <sup>1</sup>	Defense expenditures		MAP deliveries <sup>1</sup>	Defense expenditures		MAP deliveries <sup>1</sup>	Defense expenditures		MAP deliveries <sup>1</sup>	Defense expenditures	
		Amount <sup>2</sup>	Per cent of GNP		Amount <sup>2</sup>	Per cent of GNP		Amount <sup>2</sup>	Per cent of GNP		Amount <sup>2</sup>	Per cent of GNP		Amount <sup>2</sup>	Per cent of GNP		Amount <sup>2</sup>	Per cent of GNP
Belgium-Luxembourg	\$1,175	\$3,904	3.5	\$13	\$400	3.2	\$22	\$386	3.2	\$59	\$375	3.2	\$32	\$376	3.2	\$96	\$349	3.2
Denmark	476	1,327	2.8	22	150	2.6	45	143	2.6	24	143	2.9	20	146	3.1	47	136	3.1
France	4,117	29,815	7.4	39	3,831	6.8	147	3,630	7.0	130	3,355	7.0	159	3,159	7.5	400	2,975	7.9
Germany <sup>3</sup>	897	20,714	4.3	58	2,886	4.3	86	2,640	4.4	78	1,631	3.0	380	2,134	4.1	295	1,717	3.7
Greece	904	1,316	5.6	69	159	5.0	70	154	5.1	139	149	5.1	79	149	5.4	81	135	5.3
Italy	1,944	9,798	4.0	140	1,136	3.7	112	1,067	3.8	72	1,035	3.9	144	977	3.9	257	934	4.0
Netherlands	1,104	4,321	5.0	53	455	4.1	26	396	3.9	41	436	4.6	84	486	5.2	152	488	5.7
Norway	634	1,413	3.8	10	145	3.3	51	155	3.7	47	143	3.6	38	147	3.7	69	135	3.6
Portugal	279	832	4.1	4	100	4.5	12	98	4.5	24	86	4.2	25	83	4.1	20	80	4.1
Turkey	1,618	1,480	5.0	85	270	5.6	124	241	5.4	251	163	4.2	208	141	4.1	171	129	4.8
United Kingdom	989	48,285	8.1	26	4,856	7.0	199	4,679	7.1	43	4,684	7.3	97	4,707	7.7	75	4,788	8.3
NATO area programs	1,166			238			143			137			127			83		
Total, NATO	15,303	123,205	5.9	757	14,388	5.4	1,037	13,589	5.5	1,045	12,200	5.2	1,393	12,505	5.7	1,746	11,866	5.9
Canada		17,903	5.9		1,654	4.7		1,642	4.7		1,740	5.3		1,829	5.8		1,888	6.3
United States		453,838	10.4		46,552	9.3		46,614	9.7		45,503	10.2		44,548	10.1		41,773	10.0

<sup>1</sup> U.S. military assistance furnished to countries includes deliveries of equipment and supplies, expenditures for repair and rehabilitation of excess stocks, training, packing, crating, handling and transportation, nutrition surveys, construction and credit assistance under sec. 103(c) MSA.

<sup>2</sup> Based on NATO definition of defense expenditures. For the United States it includes expenditures for military functions of the Department of Defense, the military assistance program, the Atomic Energy Commission, Coast Guard, National Aeronautics and Space Administration, veterans' insurance and indemnities and residual expenditures by ICA for the direct forces support program.

<sup>3</sup> German defense expenditures data for all years are ICA estimates. Germany's expenditures through 1955 were largely occupation-support costs. Military assistance expenditures represent physical deliveries to the Federal Republic of Germany.

NOTE.—Precise comparisons of levels of defense expenditures between European countries and the United States are not possible. Conversions of national currency data into dollars have generally been made on the basis of official foreign exchange rates, and the purchasing power of dollar equivalents is appreciably higher in most European countries than that of the dollar in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. A uniform exchange rate has been applied for all years in order to preserve the trend of the national currency data and eliminate distorting fluctuations in the dollar figures caused by devaluation.

Mr. CHURCH. Mr. President, it is to be noted from this chart, that none of the prosperous countries in Western Europe are making as much of an effort, in proportion to their own resources, to maintain their armed forces, as we have been making in proportion to ours. During the decade, we spent 10.4 percent of our gross national product on our military forces, compared to an average of 5.9 percent on the part of our NATO allies.

Moreover, it cannot be argued that the continuing American subsidy is furnishing these countries with an inducement to make a greater effort on their own, since it is clear from the chart that the average yearly military expenditure of our NATO allies has fallen off from 5.9 percent in 1956 to 5.4 percent in 1960.

Mr. President, just to make plain beyond argument the level of wealth that has now been achieved by most of our NATO partners in Western Europe, their

resultant capacity to maintain their own armed forces without American subsidy, and the lesser effort they are actually making compared to our own, I ask unanimous consent to insert an appropriate chart containing these figures for last year, 1960, at this point in the RECORD.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:



*Selected economic and defense expenditures data on European NATO countries and United States, calendar 1960*

	Popula- tion (in thousands)	Total GNP (millions)	GNP per capita	Private consump- tion per capita <sup>1</sup>	Defense expend- itures (millions)	Percent of defense expend- itures to GNP
Belgium-Luxembourg.....	9,490	\$12,275	\$1,293	\$896	\$400	3.2
Denmark.....	4,640	5,690	1,226	827	161	2.8
France.....	45,500	54,400	1,196	728	3,831	6.8
Germany (West).....	52,321	63,740	1,218	706	2,886	4.3
Greece.....	8,691	3,120	359	270	159	5.0
Iceland.....	176	155	881	500		
Italy.....	49,315	30,360	616	390	1,136	3.7
Netherlands.....	11,480	10,990	957	540	455	4.1
Norway.....	3,690	4,465	1,244	724	2145	3.3
Portugal.....	9,124	2,220	243	187	2100	4.5
Turkey.....	27,518	4,680	170	134	2270	5.6
United Kingdom.....	52,375	68,950	1,317	863	4,856	7.0
Total, European NATO (ex- cluding Saar).....	274,220	261,045	952	604	14,399	5.4
United States <sup>2</sup> .....	179,894	494,500	2,749	1,730	46,552	9.3

<sup>1</sup> At 1959 market prices.

<sup>2</sup> Partly estimated.

<sup>3</sup> Alaska and Hawaii excluded.

NOTE.—All data are preliminary and subject to revision.

NOTE.—Precise comparisons of the levels of gross national product and of defense expenditures between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar equivalent is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations.

Source: European Data Book.

Mr. CHURCH. Mr. President, I send to the desk an amendment to the pending bill and request that it be printed. I also ask unanimous consent that the text of the amendment appear at this point in the RECORD.

The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD is as follows:

On page 38, after line 5, insert the following new section:

"SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished."

Mr. CHURCH. Mr. President, it should be understood that this amendment would not affect any firm commitment we have already made, that is, prior to July 1, 1961, to furnish military aid to any country in Western Europe. It would not prohibit future cash or credit sales of military equipment, services, or supplies, to any of these countries. It would merely provide that no further military assistance shall be furnished on a grant basis to a country of Western Europe, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

What more reasonable limitation, calculated to protect our national interest, could be imposed than this? The pending bill authorizes nearly \$2-billion a year, for each of the next two fiscal years, to be spent on continuing military aid abroad. In the coming year, 22 per-

cent of this amount is to be given the countries of Western Europe. Some of these countries may still need our help, and this amendment would not prevent the President, in such cases, from giving it. But the amendment would put an end to further subsidies, shelled out by American taxpayers, to the prosperous countries of Western Europe that can well afford to maintain their own military establishments.

I know, Mr. President, that the outcry will be heard: "This is not the time to cut off any subsidy to Western Europe, not now as the storm clouds gather over Berlin." But if we must defer until a time when there is no crisis, who knows how long we will have to wait?

I say, Mr. President, it is error—worse still it is error compounded with weakness—to believe that any alliance can be served or strengthened through needless subsidy. Such a practice is degrading to donor and donee alike. History clearly demonstrates that it is self-defeating. The record shows that it has not worked, and is not working, in the case of NATO today. None of our NATO allies in Western Europe have met the military goals set for the alliance nearly 2 years ago. We are 400,000 men short of the agreed level of strength, but neither West Germany, France, nor the United Kingdom, though peering into the very teeth of the Berlin crisis, have undertaken any buildup of their own defenses comparable to what the President has asked of the United States.

Congress has already approved the President's supplemental requests. Our country will go on carrying more than its share of the load in the NATO partnership. Even now it is our own Strategic Air Command, built and maintained at a fantastic cost to the American taxpayers exclusively, that constitutes NATO's main deterrent power. But we are foolish indeed if we think that continued handouts of military aid to our

prosperous allies in Western Europe will ever cause them to do their share. It has not in the past; it is not now; it will not in the future. It is just the kind of extravagance that brings the whole foreign aid program into disrepute.

Mr. President, I have supported the foreign aid program as indispensable to our national survival in this precarious world. But the American people are fed up with the waste that is in it. Their resentment today can lead to reaction tomorrow so widespread as to fill these Halls, and the White House as well, with men who would sever our world commitments and withdraw the United States into a lingering, lethal, and last isolation.

If this happens, Mr. President, we will look for someone else to blame, but heavily the blame will lie upon each of us who, through hesitancy and inaction at these desks, failed to stop the abuses in the foreign aid program that threaten to turn the people against it.

It is to correct one such flagrant abuse that I offer this amendment. Our prosperous allies in Western Europe do not need further subsidies of military aid from the United States. If Congress will adopt this amendment, we will be saying to our NATO allies: "We expect you to do your part for the alliance, even as we intend to do ours." In that spirit only can we serve our mutual interests best.

Mr. President, I urge the Senate to adopt the amendment.

#### PRINTING OF REPORTS ON S. 1124 AND S. 1130

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that the committee reports on S. 1124 and S. 1130, submitted on behalf of the Committee on Labor and Public Welfare, together with the minority views, be received and printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### USE OF SERVICE BANDS IN PUBLIC CELEBRATIONS

Mr. COTTON. Mr. President, some weeks or 2 or 3 months ago, in the performance of my work as a Senator, I had occasion on behalf of a town in the State of New Hampshire which was celebrating its bicentennial, its 200th anniversary, to forward a request to the Department of the Army that a military band from a neighboring military reservation participate in the event. Apparently on the eve of the celebration the musicians' union of the city of Manchester, N.H., objected and invoked a directive which is apparently in effect governing the use of military bands.

I was somewhat amazed the other day to receive a letter which I desire to read into the RECORD, and I wish to read my reply, and state that subsequently I shall take some time perhaps to comment on the attitude of this and other labor organizations and their arrogance, and to call attention to some instances.









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE

(For information only;  
should not be quoted  
or cited).

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For actions of August 10, 1961  
87th-1st, No. 137

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**HIGHLIGHTS:** House Rules Committee cleared foreign aid authorization bill. Senate debated foreign aid authorization bill. Sen. Humphrey praised Administration farm program. Both Houses agreed to conference report on defense appropriation bill. Senate committee reported bill to establish Peace Corps.

## SENATE

- 1. PEACE CORPS.** The Foreign Relations Committee reported with amendment S. 2000, to provide for the establishment of a Peace Corps to assist underdeveloped nations and areas in meeting their needs for skilled manpower (S. Rept. 706). p. 14334
- 2. WATERFOWL; WETLANDS.** The Commerce Committee reported with amendment H. R. 7391, to promote the conservation of migratory waterfowl by authorizing Federal acquisition of wetlands and other essential waterfowl habitat (S. Rept. 705). p. 14334
- 3. VETERANS' BENEFITS.** The Labor and Public Welfare Committee reported with amendment S. 349, to provide readjustment assistance to veterans who served in the Armed Forces between Jan. 31, 1955, and July 1, 1963 (S. Rept. 700). p. 14334
- 4. FOREIGN AID.** Continued debate on S. 1983, the foreign aid authorization bill (pp. 14344, 14373-85, 14400-01, 14428-31). Agreed to a unanimous-consent request by Sen. Mansfield that beginning Fri., Aug. 11, debate on the amendment



by Sen. Byrd, Va., to provide that development loans to foreign countries shall be financed by appropriations authorized annually rather than by long-term borrowing authority as provided in the bill, shall be limited to 7 hours (p. 14401). Sen. Mansfield announced that the Senate would remain in session Fri. until there is a vote on the Byrd amendment (p. 14415).

5. FARM PROGRAM. Sen. Humphrey praised enactment of the Agricultural Act of 1961 as "the most important agricultural legislation since the passage of the basic Agricultural Act of 1938," commended Secretary Freeman, Sen. Ellender, and Rep. Cooley and their associates for their efforts in obtaining enactment of this legislation, and inserted the statements of the President and Secretary Freeman at the time of the President's approval of the bill. Also, he inserted summaries prepared by this Department of the Agricultural Act of 1961 and of the achievements and the progress of this administration in the field of agriculture in the past 6 months. pp. 14422-8
6. INFLATION. Sen. Keating called for a six-point program to fight inflation, including a government sponsored campaign to encourage merchants to expand their sales by lowering prices, establishment of a Joint Congressional Committee on the Budget, authority for the President to veto individual items in appropriation bills, and a special session of Congress of about 1 month each year "to focus on appropriations and related economic decisions." pp. 14349-50
7. PUBLIC LANDS. Sen. Morse inserted a newspaper editorial "lauding the recent announcement by the Secretary of Interior that recreation areas may now be purchased from the national land reserve for \$2.50 an acre or lease them for 25 cents an acre per year." p. 14398
8. LEGISLATIVE ACCOMPLISHMENTS. Sen. Mansfield inserted a summary of major legislative actions taken by the first session of the 87th Congress, including legislation relating to the omnibus farm bill, housing, area redevelopment, feed grains, drought relief, farm loans, sugar, etc. pp. 14417-9
9. INTERNATIONAL ORGANIZATIONS. Both Houses received from the State Department a report on U. S. contributions to international organizations for fiscal year 1960. pp. 14331, 14334
10. EDUCATIONAL EXCHANGE. Received from the State Department a report on the educational exchange program for the calendar year 1960. p. 14334
11. BONDING. Received from GSA a proposed bill "to amend the act of April 29, 1941, as amended, to authorize any Federal agency to waive performance and payment bonds"; to Government Operations Committee. p. 14334

#### HOUSE

12. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 7851, the Department of Defense appropriation bill for 1962, and acted on amendments in disagreement. This bill will now be sent to the President (pp. 14262-78, 14393-6). The bill includes \$207,600,000 for civil defense activities.
13. MINING. The Interior and Insular Affairs Committee was granted until midnight Sat. to file a report on H. R. 84, to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands. p. 14261  
Rep. Knox discussed his bill H. R. 8474, to restore certain past administrative practices in computing gross income from mining for percentage depletion purposes. pp. 14322-4



14. SUGAR. Rep. Langen stated there is a need for sugar legislation in this session of Congress, saying, "The Secretary of Agriculture says it is reasonable to expect that the recommendations made in 1962 will favor an expansion of beet sugar acreage. If it is reasonable in 1962, it should be reasonable right now." pp. 14324-5
15. SURPLUS FOODS. The Agriculture Committee reported without amendment S. 1873, to permit CCC commodities donated for use in home economics courses to also be used for training college students if the same facilities and instructors are used for training both high school and college students in home economics courses (H. Rept. 881). p. 14331
16. ASSISTANT SECRETARIES. The Interstate and Foreign Commerce Committee reported without amendment H. R. 6360, to authorize an additional Assistant Secretary of Commerce (H. Rept. 885). p. 14331
17. PUBLIC LANDS. The Agriculture Committee reported without amendment H. R. 3879, to authorize the Secretary of Agriculture to convey to Wyoming for agricultural purposes the SCS Farson Pilot Farm land in Sweetwater County, Wyo. (H. Rept. 883); H. R. 4821, to authorize the Secretary of Agriculture to convey a parcel of forest land to the town of Tellico Plains, Tenn. (H. Rept. 884); H. R. 6193, to authorize the Secretary of Agriculture to convey a tract of forest land in Wyoming to Fremont County. (H. Rept. 887); H. R. 3920, to authorize an exchange of land at the Agricultural Research Center (H. Rept. 897; and (with amendment) H. R. 4939, to provide for the conveyance by the Farmers Home Administration of all right, title, and interest of the U. S. in a certain tract of land in Jasper County, Ga., to the Jasper County Board of Education (H. Rept. 886). p. 14331
18. MANPOWER. The Education and Labor Committee reported without amendment H. R. 8399, relating to the occupational training, development, and use of the manpower resources of the Nation (H. Rept. 879). p. 14331
19. FOREIGN AID. The Rules Committee reported a resolution for the consideration of H. R. 8400, the foreign aid authorization bill. p. ~~14331~~
20. LANDS; EASEMENTS. The Subcommittee on Public Buildings and Grounds of the Public Works Committee voted to report to the full committee H. R. 8355, to authorize executive agencies to grant easements in, over, or upon real property of the U. S. under the control of such agencies. p. D693
21. REIMBURSEMENTS. The Subcommittee on Public Buildings and Grounds of the Public Works Committee voted to report to the full committee H. R. 8356, to authorize reimbursement to owners and tenants of certain lands or interest therein acquired by the U. S. for certain moving expenses and losses and damages. p. D693
22. PERSONNEL. The Subcommittee of the Post Office and Civil Service Committee voted to report to the full committee with amendments H. R. 6374, to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings. p. D692
23. POWER TRANSMISSION. Rep. Aspinall urged the enactment of legislation for Federal transmission of power on the Colorado River storage project. pp. 14291-2



24. LEGISLATIVE PROGRAM. Rep. McCormack announced that H. R. 8400, the foreign aid bill, will be taken up Mon., and debate will continue throughout the week until this bill is disposed of. p. 14276
25. ADJOURNED until Mon., Aug. 14. pp. 14330-1

ITEMS IN APPENDIX

26. FOOD. Extension of remarks of Sen. Humphrey inserting an article, "Agriculture Studies Reds' Food Shortage." pp. A6239-40
27. FOREIGN AID. Extension of remarks of Rep. Harvey inserting an article discussing a report on the "almost total failure of the foreign aid program in Peru." pp. A6243-4  
Extension of remarks of Rep. Pelly inserting Rep. Ford's letter to the editor of the N. Y. Times discussing certain alleged statements made by Theodore Tennenwald, Special Asst. to the Secretary of State, regarding the proposed foreign aid program. pp. A6278-9
28. FARM PROGRAM. Extension of remarks of Rep. Harvey inserting an article, "Cadillac For Every Farm." pp. A6259-60
29. NATURAL RESOURCES; URBAN AFFAIRS. Extension of remarks of Rep. Mathias stating that "it is increasingly apparent that we must coordinate our efforts in the field of city planning, agriculture, natural resources, recreation, wildlife preservation, and sheer living and breathing space," and inserting an article, "U. S. Croplands Found Shrinking -- Million Acres Lost Yearly To Growth of Suburbs." p. A6268
30. ELECTRIFICATION; COOPERATIVES. Extension of remarks of Rep. Dent inserting REA Administrator Norman Clapp's address before the Northwestern Rural Electric Cooperative Association. pp. A6269-71
31. FOREIGN TRADE. Extension of remarks of Rep. Dent discussing the effects of foreign-made consumer goods on American business and workers. pp. A6280-1

BILLS INTRODUCED

32. PERSONNEL. H. R. 8648, by Rep. Corbett, to permit certain Government employees to elect to receive compensation in accordance with section 401 of the Federal Employees Pay Act of 1945 in lieu of certain compensation at a saved rate; to Post Office and Civil Service Committee.  
H. R. 8649, by Rep. Corbett, to amend the Federal Employees' Group Life Insurance Act of 1954 to provide for escheat of amounts of insurance to the insurance fund under such Act in the absence of any claim for payment; to Post Office and Civil Service Committee.  
H. R. 8656, by Rep. Pillion, to reduce nondefense personnel by 10 percent; to Post Office and Civil Service Committee.
33. EXPENDITURES. H. R. 8634, by Rep. Glenn, to help maintain the financial solvency of the Federal Government by reducing nonessential expenditures through reduction in personnel in various agencies of the Federal Government by attrition; to Post Office and Civil Service Committee.
34. FARM PROGRAM. H. R. 8638, by Rep. Ikard, Tex., "to amend the Agricultural Act of 1949"; to Agriculture Committee.



## CONSIDERATION OF H.R. 8400

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AUGUST 10, 1961.—Referred to the House Calendar and ordered to be printed

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Mr. MADDEN, from the Committee on Rules, submitted the following

### R E P O R T

[To accompany H. Res. 414]

The Committee on Rules, having had under consideration House Resolution 414, report the same to the House with the recommendation that the resolution do pass.



## CONSIDERATION OF H.R.

August 10, 1891.—Reported by the Committee on Rules and reported to the House.

Mr. Madden, from the Committee on Rules, reported the following

### REPORT

[To accompany H. Res. 114]

The Committee on Rules, having had under consideration H. Res. 114, report the same to the House with the recommendation that the resolution do pass.

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## House Calendar No. 124

87<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. RES. 414

[Report No. 898]

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### IN THE HOUSE OF REPRESENTATIVES

AUGUST 10, 1961

Mr. MADDEN, from the Committee on Rules, reported the following resolution;  
which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1       *Resolved*, That upon the adoption of this resolution it  
2 shall be in order to move that the House resolve itself into  
3 the Committee of the Whole House on the State of the  
4 Union for the consideration of the bill (H.R. 8400) to  
5 promote the foreign policy, security, and general welfare of  
6 the United States by assisting peoples of the world in their  
7 efforts toward economic and social development and internal  
8 and external security, and for other purposes, and all points  
9 of order against said bill are hereby waived. After general  
10 debate, which shall be confined to the bill and continue not  
11 to exceed eight hours, to be equally divided and controlled  
12 by the chairman and ranking minority member of the Com-

1 mittee on Foreign Affairs, the bill shall be read for amend-  
2 ment under the five-minute rule. At the conclusion of the  
3 consideration of the bill for amendment, the Committee shall  
4 rise and report the bill to the House with such amendments  
5 as may have been adopted and the previous question shall  
6 be considered as ordered on the bill and amendments thereto  
7 to final passage without intervening motion except one  
8 motion to recommit.





87TH CONGRESS  
1ST SESSION

# H. RES. 414

[Report No. 898]

## RESOLUTION

Providing for the consideration of H.R. 8400, a bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

By Mr. MADDEN

AUGUST 10, 1961

Referred to the House Calendar and ordered to be printed



Puffing at a pipe, which he kept lit with old-fashioned, long-stemmed kitchen matches, he said war was not imminent because "the Russians most likely do not want a nuclear war any more than we do."

"President Kennedy's courageous statement as to Berlin should carry conviction to the Russians," he continued. "As long as the Russians are willing to negotiate over this problem, there is hope of solution."

He said he did not place much credence in Premier Khrushchev's protestations of new programs or policies. He said he found in them no repudiation of the important principle of Communist doctrine first stated by Lenin in 1920: that communism should "use any ruse, dodges, tricks, cunning, unlawful methods and concealing of the truth" in its dealings with other nations.

Mr. Hoover said he had "never been keen on summit meetings."

"They put the President of the United States in a difficult position," he said. "The leaders of other countries always represent the dominant political party. They can make binding decisions. The President of the United States cannot. We have only to remember the tragic failure of Wilson and the League of Nations to realize that."

Turning to domestic problems, Mr. Hoover described the "most disastrous thing that is happening to us" as the increase in crime.

"Our trouble arises from the restrictions upon our courts and the practices which have developed within them. The lag in court convictions is not within police control," he said.

In 1957, he said, 2,800,000 major crimes were committed in the United States, and there were only 300,000 convictions.

"I suggest that our bar associations should look into the methods of the British courts, where there is no such appalling record as that in the United States."

In Britain, he said, 85 percent of those arrested are convicted.

He put in a plea for his own special interest, the Boys Clubs of America, of which he is a leader. There is, south of San Francisco, a chain of seven such clubs in seven towns, he said, and "the presidents of those clubs inform me that delinquency has practically disappeared in those areas."

As for the fitness of Americans, Mr. Hoover asserted they had not grown "soft" as so many said. "Too much attention is paid to what goes on in the cities," he said. "Out in the countryside, in the small towns, on the farms, Americans are just as patriotic as they ever were, ready to meet any emergency, any challenge."

As for his fitness, Mr. Hoover said he felt "as good as any man probably can at 87."

He said that the third volume of his memoirs, the general title of which is "An American Epic," would be in the book stalls September 11.

He said he was still busy with volume IV, which will carry through World War II.

Mr. Hoover has seven adoring women secretaries, under Miss Bernice Miller, who joined his staff 22 years ago "on a temporary basis."

A digest of his activities last year listed attendance at 26 public fetes; 7 major and 7 minor speeches (with no "ghost writers"); 34,805 letters answered; trips to Florida, Washington, California and Philadelphia; the filming of a commentary for television, "The Ordeal of Woodrow Wilson," and participation in the educational and scientific work of 12 organizations, on which he either is a trustee or a director.

#### DALLAS WORKS FOR RACIAL HARMONY

Mr. TOWER. Mr. President, the city of Dallas, Tex., has quietly undertaken and, I am confident, is achieving a re-

markable transition from racial segregation to desegregation in its community life. This is being accomplished by responsible leadership on the part of Dallas' own civic leaders, who recognize that racial differences can be resolved only in an atmosphere of good will and moderation.

Due to the existence of this healthy atmosphere of good will, the tensions that have accompanied desegregation in various other cities in every region of the Nation have been avoided in Dallas.

The full story was summarized in the Dallas Morning News last Sunday. I ask unanimous consent to have this account printed in the RECORD following my remarks. It proves my contention that it is possible to create the atmosphere of good will, to which I previously have referred, and that such an atmosphere—free from the influence of extremists on both sides, free from the intervention of outsiders, free from forced measures or threats of such measures—is conducive to lasting racial peace.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Dallas Morning News, Aug. 6, 1961]

#### DALLAS WORKS FOR RACIAL HARMONY

(By Dennis Hoover)

Details of a vast educational program to condition Dallas residents for peaceful acceptance of public school desegregation beginning September 6 were bared Saturday.

The program has been quietly underway for about 17 months, ramrodded by 250 of the city's supercivic leaders who make up the Dallas Citizens Council.

Almost every organization in Dallas—civic, religious, service, fraternal, labor, and professional—has joined in a communitywide move to assure law-abiding transition to the new era, it was stressed in a press briefing held by DCC leaders.

Early in 1960 the DCC saw ultimate desegregation as inevitable. It vowed that for the well-being of Dallas the strife of a Little Rock or New Orleans must be avoided, absolutely.

Since then, plans have been carefully laid and carried out.

Cooperating have been such encompassing organizations as the Dallas Bar Association, Dallas County Medical Society and Greater Dallas Council of Churches.

The inevitable became clear last April 6 when school authorities' last legal bastion in a 5½-year court battle crumbled.

The new era will start in about 4 weeks, when a 12-year stairstep desegregation plan, beginning with first graders at some of the district's 100 elementary schools, will be launched. A potential 10,858 white and 3,102 Negro first graders will be involved.

If the launching is minus brickbats; blood and mob hysteria, it will be because thousands of Dallas people, humble and prominent alike, agree with the DCC's central tenet. This is: whether you favor desegregation or not, good citizens obey the law.

The DCC comprises the chief executives of Dallas' largest corporations. Many times in the past this organization has acted when it deemed the welfare of Dallas at stake.

#### EDUCATIONAL PROJECT UNVEILED

Last week President C. A. Tatum and other DCC leaders decided it was time to unveil formally the educational project—its mechanics, philosophy and success to date. The conference of news media representatives was called at Hotel Adolphus.

A hint of the program's success is the fact that on July 26, a Wednesday, precisely 156

Negro men and women lunched alongside whites in 40 major restaurants and store eating places in downtown Dallas and suburban shopping areas.

There wasn't an incident. This was not a freak episode or a sit-in planned by agitators. It was a deliberately staged test by the city's most responsible white and Negro leaders. It proved, say these leaders, that desegregation of the city's major eating places has been accomplished, with Negro leaders, white proprietors and the general public ready to behave responsibly.

Silence on the conditioning program has hitherto been observed for two reasons, it has been brought out. One, to avoid stirring up extremist elements; two, to avoid setting up personal targets for citizens rabid over the desegregation question.

But now all can be told. Here are the mechanics of "operation education for desegregation."

#### COMMITTEE MAPPED THE PLAN

Out of the deliberations that began 17 months ago inside the DCC came a seven-member committee.

This committee, after consultation with psychologists, law enforcement officials, and citizens of other communities that have faced desegregation problems, has been rallying organizations numbering tens of thousands of Dallas residents to the cause of peaceful compliance with the law.

Members of the committee are Karl Hoblitzelle, C. A. Tatum, W. W. Overton, James Aston, Carr P. Collins, Julius Schepps, and John E. Mitchell.

No major group of citizens, whether parent-teacher association, service club, women's club, or communications outlet, has been overlooked. All the sharpest tools have been used, including professional public relations guidance, to get across the message: good citizenship and the well-being of Dallas necessitate respect for the law.

Among tools used in the program has been a potent, locally prepared documentary film entitled "Dallas at the Crossroads." The movie contrasts scenes of a happy, forward-marching Dallas with pictures of violence in other cities confronted with changes in their school systems. It contains personal pleas from top Dallas civic leaders to avoid making these mistakes.

The film has had scores of showings, and will have hundreds more between now and September 6. Its showing is always after an introduction by the leader of the group to which it is shown—a firm head, church rector, labor leader, women's club president, etc. Viewers are made conscious of the desegregation problem as it could affect them individually.

Today in churches over Dallas 100,000 "Dallas at the Crossroads" booklets are being distributed to church congregations with the enthusiastic approval of the clergy and lay religious leaders.

Inserts bearing the same message are to be distributed by many companies with their employees' paychecks. Thousands of posters presenting the face of a happy Dallas and urging that its citizens avoid violence, have been prepared for display in all public gathering places.

Typical of the reception accorded the movement, say its leaders, is that of Dallas organized labor. It voted overwhelmingly to help immunize Dallas against desegregation violence. Labor's viewpoint is that a city's reputation has definite bearing on job opportunities.

Most particularly, the otherwise unnamed DCC committee of 7 has been working with a Negro committee of 7 that represents 125 Negro organizations numbering hordes of members.

As occasion required, the two committees have met to iron out problems and plan action. This action, as the July 26 luncheon



test indicates, has been broader than that linked directly to mixing school classes.

Significantly, national organizations concerned with the desegregation dispute have been trusting the white and Negro civic committees to oversee desegregation in Texas' second largest city. This evidences the degree to which Dallas' effort to meet the question in advance is unique.

#### NEGRO COMMITTEE PLANS, TOO

W. J. Durham, regional counsel for the National Association for the Advancement of Colored People, is a member of the Negro committee. His associates on the panel are A. Maceo Smith, George Allen, Ed Reed, Jack Clark, Rev. Brooks Joshua, and Rev. E. C. Estell, Sr.

A tract widely distributed by the DCC committee puts the educational mission into focus. It reads in part:

"By law, white and colored children will attend school together in Dallas for the first time.

"Further, if Dallas' experience parallels that of other Southern cities—and there is no reason to suppose that it will not—the schools are only one area of community life in which Negro leaders will press for change. Restaurants, theaters, increased use of department store facilities, hotels, churches—all are likely targets. Here, as with the schools, the problem may ultimately have to be resolved by law.

"Respect for and acceptance of the law is a vital part of the American tradition. It is also a part of the American tradition that every citizen may hold whatever opinions he chooses on the questions of his time.

"Where his opinions differ from the law as defined by the courts, the good citizen does not resort to violence to express his disapproval or attempt to violate the law. He endeavors to change the law by peaceful and orderly means. This is his right as a free American.

"In the present problem, brought to a head by the court's decision, the Dallasite is not asked to change his opinion on the subject, be it 'pro' or 'con'. He is asked to respect the law."

#### DESEGREGATION VIOLENCE SHUNNED

Other written pieces and speakers on behalf of the opinion-molding program have been stressing the devastation wreaked by desegregation violence. They point out that not only has Little Rock lost in population and industry, but unofficial evidence points to widespread emotion illness among the populace—particularly children.

Warns a committee pamphlet entitled "Dallas Opportunity"; "Violence is a problem that affects the whole community and not merely a few isolated segments of the school or business public. Violence destroys a community. It not only disrupts business and education, but undermines the health and moral fiber of all citizens. Extremist elements and self-seeking individuals come into control, and the city's children are forced to bear alone a burden which rightfully is an adult responsibility."

If the conditioning effort works as planned, extremists will feel lonely on desegregation day, the committee believes.

Because good citizens obey the law, those who do not will perforce be labeled as bad citizens and have difficulty gaining a following.

Moreover, via the documentary film and otherwise potential troublemakers are being assured that every Dallas policeman has been specially trained to cope with disrupters of law and order.

With apparent understatement, former Mayor R. L. Thornton, Sr., noted at the briefing last week: "Our law enforcement authorities have ample means to be very helpful if a disturbance arises."

#### RACIAL BARS LIFTED ELSEWHERE

While the city's white and Negro leaders have addressed themselves to the main aim of a peaceful Sept. 6 in elementary school environs, other areas of racial discord have quietly been smoothed out in Dallas.

It is no mere fortuity that Dallas has had little sit-in trouble and been bypassed by freedom riders, say these leaders.

Also labeled products of the conditioning program are such changes as:

The recent shifting of Dallas Negro plainclothes policemen into uniforms.

Desegregation of the State Fair Musicals.

The reclassification of jobs by many Dallas employers. (It was found that 139 types of jobs over Dallas were being lumped under the titles of janitor and porter. Reclassification made one erstwhile porter a "receiving clerk"—the job he was actually performing.)

Desegregation of Fair Park's amusement area at the start of this summer season.

Progress being made toward accommodating mixed groups at Dallas hotels. Even now, visiting Negro government leaders and other dignitaries are being accommodated.

Those who have ramrodded the education project seem to be optimistic about its outcome.

They believe the doctrines of active acceptance of the inevitable by white Dallas people and "active containment" by Negroes of perhaps normal instincts will pay off in a continuing peaceful, progressing and wholesome Dallas.

#### LONG-RANGE IMPACT OF FOREIGN-AID-CREATED INDUSTRY ON DOMESTIC ECONOMY

Mr. WILEY. Mr. President, in the face of great and growing threats to peace and security, the mutual security program—in my judgment—continues to be absolutely necessary for strengthening free world defenses.

In its present form, the bill, however, is not sacrosanct—that is, immune to modification. Rather, it should be analyzed—to strengthen its effectiveness, to eliminate its shortcomings and, insofar as humanly possible, to assure that it is the best vehicle for serving our national security.

There is, for example, a major aspect of the program which I believe deserves careful and analytical consideration of the Senate. That is, the long-range impact upon the domestic U.S. economy of competition resulting from industries created abroad by the mutual security program.

For the years ahead, the American taxpayer is being asked to underwrite industrial-economic development of countries around the globe.

We realize, of course, that there must be economic progress in these nations—if they are to become self-sufficient; if they are to withstand the pressures of communism; if they are to make their contribution to world progress; if they are not to become breeding grounds of communism, or other threats to peace.

However, the American taxpayer, I believe, has a right also to expect protection against long-range damage, which could be inflicted upon the domestic economy.

Unless protective action is taken, the creation of greater productive capacity in other nations will turn out goods

which ultimately will compete with, and perhaps undercut U.S. enterprises.

Now, what can be done?

Obviously, there are no panacea-type solutions. Nevertheless, we must, I believe, carefully consider courses of possible action to safeguard our domestic economy.

What are the alternatives? These could well include:

First. Appoint administrators with a deep sense of responsibility, a sense of trusteeship to the American taxpayer. The purpose would be to avoid irresponsible profligate spending, without regard to its consequences to our domestic economy.

Second. Establish criteria for investing in industries in less-developed nations, taking into account the long-range impact which such foreign-made products could have on the domestic economy.

Third. As a requirement for obtaining loans, recipients could be requested to make agreements either (a) not to compete with us; or (b) to limit such competition.

Fourth. Efforts could be made to develop industries for which outputs would largely be consumed or utilized within the producing countries, or at least within the regional areas.

Fifth. Contracting nations could, by mutual agreement, establish quotas, or at least some types of limitations on products shipped to the United States, or earmarked for competition with U.S. goods on the world markets.

Unfortunately, these recommendations—either singly, or in toto—do not provide a magic solution. In fact, they themselves create special problems.

Nevertheless, I offer them as food for thought—to evoke discussion in the Senate on this aspect of the mutual security program.

In my judgment, it has been too little considered. To protect the domestic economy, we must here and now attempt to evaluate the long-range impact of the new enterprises on the American economy.

Again, I stress, I do not want to raise a "bugaboo" that would tend to cripple, or kill the mutual security program.

I am hopeful, that the Senate will satisfactorily resolve these, and other problems in the bill, and then "speak with one voice" in approval of the final version of the program.

#### GOODRICH W. LINEWEAVER

Mr. ANDERSON. Mr. President, Goodrich W. Lineweaver, who in April retired from the staff of the Senate Interior and Insular Affairs Committee, died Tuesday at Waverly Hospital outside Washington, at the age of 74.

I know that Goodrich will be mourned by all of the members of the Senate, and particularly by those of us in the 17 Western States which have benefited from the energy and the wisdom he contributed to the reclamation movement.

Mr. President, I shall ask unanimous consent to place in the RECORD a biographical sketch of Mr. Lineweaver, who came into the government service in



The attempt which is now being made is to amend the act by recognizing the crimes under title 18 of the United States Code.

Mr. MONRONEY. That is correct.

Mr. GOLDWATER. Is that not sufficient, in the mind of the Senator, to make the request conform to what the Department of Justice might favor?

Mr. MONRONEY. I think it is. I say to my distinguished colleague from Arizona that, actually, we did not amend the maritime law and make it apply to trucks, buses, streetcars, space vehicles, or things like that.

We were simply attempting to amend the Aviation Act. We felt it was in the interest of air safety, primarily, to do so, and that is how we approached the problem. There had been a few hijackings. The Senator from California [Mr. ENGLE] started to work on the bill, and started an investigation. The Senator talked not only to the Department of Justice but also to the attorneys for the Federal Aviation Agency. We felt this was the course to be followed, after much discussion.

Again I say, this was no hasty job. We decided on the course to be followed. The result, after hearing the Attorney General and others, was the direction, "You can take either path." Since we are experienced in aviation, the path we chose was, we thought, the better one, rather than to transgress upon title 18 of the Criminal Code. We merely wished to apply to the Aviation Act those sections already in the Criminal Code which would have specific application to aviation.

Mr. GOLDWATER. I point out to my colleagues that this is not an unusual procedure. In fact, it is more usual than unusual. To prove the statement I merely refer to one instance, which is Public Law 101 of the 80th Congress, commonly known as the Taft-Hartley Act. That was written more on the floor of the Senate than it was in the committee. Section 304 of the Act amends section 313 of the Federal Corrupt Practices Act, 1925, United States Code, 1940, title II, section 251, and was never referred to the Committee on the Judiciary.

I was not a Senator at the time, but I have read enough of the history of the Taft-Hartley Act to know that the section was offered as an amendment on the floor. It did not even receive the benefit of formal hearings. In essence what the amendment did was to add to the criminal offenses the spending of money, either by a person or a corporation, for elections at the Federal level.

That act carried much the same penalty that parts of the Aviation Act carry; namely, \$1,000 fine or imprisonment for not more than 1 year. Of course, the new proposal is more severe.

I am sorry my friend from Colorado [Mr. CARROLL] has left the Chamber, for I merely wished to point out that we do these things frequently. We amend completely unrelated acts by our actions on the floor. We amend related acts, and we shall continue to do so.

In the opinion of this layman, if we were to send every bill which pertained

to established law to the Committee on the Judiciary the committee would be even further behind in its work than it is. The Lord knows, with the vast volume of work it has, the committee is behind today. I am not criticizing the committee. I think the committee is overburdened with legislative proposals.

I merely wished to make the point that what the Senator from Oklahoma is trying to do is not a new procedure and is not an unusual procedure. It is a procedure we have followed. It is not necessary to send the proposal to a group of lawyers to figure out. The American people are getting a little tired of having their destinations changed while they are in the air.

I do not know if the Senator saw the interesting cartoon in the New Yorker magazine the other day. It was a cartoon showing a group of passengers on an airliner, and a little man saying, "Buenos dias, amigos. This is your new captain, Pedro Gonzales."

I think Americans are getting a little tired of that. When I start to Arizona sometime in the near future—I hope—I do not wish to finish the trip in Cuba. I should like to finish the trip in Arizona.

I have a much greater affection for Arizona than I have for Cuba, even though I am quite sure Fidel Castro would love to see me walk down the gangplank in Havana.

Mr. ENGLE. He would no doubt rather see the Senator walk the wing.

Mr. GOLDWATER. I would have a better chance there.

That was the intention of my having the colloquy with the Senator. I merely wished to point out that what we are doing is something we do every day.

#### CITY OF CORPUS CHRISTI, TEX., SUPPORTS THE PRESIDENT IN HIS DEFENSE OF THIS COUNTRY

Mr. YARBOROUGH. Mr. President, the President of the United States recently made a stirring speech upon the Berlin crisis which has drawn the approval and overwhelming support of the citizens of this country.

The city of Corpus Christi, Tex., under the leadership of its dynamic and able mayor, Ben F. McDonald, elected this year, has approved a resolution of support for the President's program of national defense.

I ask unanimous consent to have this resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the President of the United States has called upon the citizens to support the President and the National Government in this time of crisis in defending democracy from all enemies; and

Whereas the city of Corpus Christi and its citizens are ready and willing to cooperate in the national defense effort proposed by the President of the United States: Now, therefore, be it

Resolved by the City Council of the City of Corpus Christi, Tex.:

SECTION 1. That the City Council of the City of Corpus Christi, as the elected representatives of the citizens of the city of Corpus Christi, Tex., hereby announces the

whole-hearted support of the city of Corpus Christi and its citizens, as a community, of the President of the United States and the national leaders in their announced program of defense, and pledge the cooperation of all of the citizens of this community in the carrying out of this program, in remaining constantly alert and in carrying out such measures as may be proper and necessary for the national defense.

Passed this the 26th day of July 1961.

BEN F. McDONALD,

Mayor, the City of Corpus Christi, Tex.

Attest:

T. RAY KRING,  
City Secretary.

Approved as to legal form this the 26th day of July 1961.

I. M. SINGER,  
City Attorney.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MUSKIE. Mr. President, I rise today in support of the provision for long-term financing of the development loan program contained in the Foreign Assistance Act of 1961 as reported out by the committee.

Last Friday, August 4, the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] made out an impressive case for this provision. His presentation was articulate, hardheaded commonsense. He met objections and answered questions with understanding and precision. One need not agree with his views in order to admire his sincerity, honesty, and intelligence. To any who have questions as to the basis for this provision of the bill, there is really no need for further exposition of the case. The case was made last Friday. Certainly I cannot improve upon it. I only hope that I do not detract from it.

I speak because I believe in it. I speak because it is easier to be against it than for it. I speak because foreign aid has no constituency in this country and that, as a consequence, there are political risks in giving it support. The courageous position taken by the distinguished Senator from Arkansas ought to have the support of those of us who agree with him.

And so I rise, Mr. President, to state my reasons for supporting this provision of the AID bill in my own way.

I support this section of the bill because I believe it will improve the effectiveness of our aid program, it will reduce waste and inefficiency, and it will apply a sound financing principle in our international lending operations. It is a sound technique which has worked with great success in a number of domestic lending programs.

The objective of development lending is similar to commercial bank lending to private business. It is designed to produce prosperous clients. The difference is that, in the case of the foreign aid program, the clients we want to pros-



per are the independent nations of the free world. Like a commercial bank, our new foreign aid program will require its clients to demonstrate that they have a plan for the future, that it is a reasonably good plan, and that they are working toward its fulfillment. They will also have to show that their proposed use of our loans is consistent with their plan.

If we are to expect the underdeveloped countries to act like bank clients and to engage in planning, we ourselves must act as any bank must and assure them that when they have their affairs in order and can qualify for loans, there will still be cash in the vault. This can only be done by providing long-term development financing authority.

The only meaningful type of long-term authority is authority to borrow from the Treasury. This can be done without loss of congressional control. Such control under the bill would be exercised in four ways:

First. By limiting the authorized annual rate of borrowing;

Second. By the enactment of lending standards into law;

Third. By the power of Congress to amend the authorizing legislation at any time; and

Fourth. By the necessity for Congress to approve each year's proposed development lending budget in accordance with the provisions of the Government Corporation Control Act.

Yesterday, the distinguished chairman of the committee proposed another check. This amendment would provide for a 30-day advance notice and congressional review by the Senate Appropriations and Foreign Relations Committees and House Appropriations and Foreign Affairs Committees of any proposed loan exceeding \$10 million. The loan could not be made until 30 days after a complete report on the purposes and terms of the proposed loan had been submitted to Congress. The amendment would further strengthen the reporting and congressional oversight provisions of the bill.

While, in the face of these controls, any long-term commitments made to other countries by the aid agency would be of a contingent nature, under multi-year borrowing authority there is a presumption that funds will be available in the long run unless Congress takes action to curtail or terminate the program. Recipient countries will recognize the possibility that Congress will change its mind. But they will also recognize that the Congress is not a capricious or arbitrary body, and that it will not take such action unless it finds good cause.

There are four principal reasons why the President has deemed it essential that the Congress commit itself unequivocally to a long-term foreign aid program for the United States, and why he feels that long-term borrowing authority is an indispensable part of such a commitment.

Mr. GRUENING. Mr. President, will the Senator yield for a question, or would he prefer to complete his address?

Mr. MUSKIE. I am happy to yield to the Senator from Alaska.

Mr. GRUENING. I have listened with great interest to the presentation of my good friend from Maine. I believe that all of us who believe that a foreign aid program of some kind should be enacted, whatever has been its past errors and view with sympathy the idea that long-range planning is necessary, would like to approach this plan with hopefulness, but we have certain questions which naturally arise if the program is to be carried out as the administration visualizes it, and if it is to produce the reforms necessary for its success.

This morning I noticed an article in the New York Times, a dispatch from Punta Del Este, where the meeting with Secretary of the Treasury Dillon is taking place. The article is rather alarming because it indicates that the United States has already, even in this preliminary stage, weakened on what to me is the very essence of the success of the program so far as Latin America is concerned: The alliance of progress; namely, the assurance that in exchange for the \$20 billion which we are offering over a 10-year program, we will see land reform, equitable taxation, and riddance of the longstanding abuses which we know exists, which have established a political and financial upper class of a few while the great mass of the people live in misery. The whole alliance for progress, according to this administration, is predicated on reform in these Latin American countries. Obviously it is not going to be easy to ask an entrenched aristocracy to get rid of its feudal structure and reduce its privileged status. Yet instead of being firm, our representatives have already yielded. What chance of success is there under these circumstances? If we do not get these reforms, the result may well be communism in Latin America, which we—and presumably the Latin American governments—are trying to forestall.

I should like to quote briefly from the article because it is pertinent:

#### LATIN PLAN LACKS REFORM DETAILS

While calling for land and tax reform in participating Latin countries to insure that benefits of the 10-year program are enjoyed by persons at all social levels, the draft does not list specific goals in those areas.

U.S. sources gave this rough breakdown on how they expected the \$20 billion economic and social development program to be financed annually at the rate of \$2 billion a year: From U.S. Government lending agencies, about \$1,100 million; from the International Bank for Reconstruction and Development, the Inter-American Development Bank and other international lending agencies, about \$300 million; from U.S. private capital sources, about \$300 million, and from European public and private sources about \$300 million.

The five-nation charter draft eliminates entirely an earlier recommendation for a seven-man special multinational committee of experts, which was to evaluate development plans submitted by participating nations. The United States had favored the seven-man committee, but in the interest of maintaining harmony with the participating nations abandoned the idea without a real struggle.

The substitute plan agreed to by the United States calls for development plans and projects to be submitted to Inter-American Development Bank, which would appoint experts to evaluate them. Under the substi-

tute plan, participating nations may submit plans to these experts but are not forced to do so.

Some sources were describing the change in draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the Alliance for Progress program off the ground.

Mr. President, in other words, in the very preliminary stages, when we are supposed to be getting down to brass tacks and to justify these long-range commitments, the United States has already weakened; has already conceded. Nothing is specific as to what the Latin American governments will commit themselves to do in exchange for our billions.

Consider what has happened in one Latin American country—Guatemala. An article on Guatemala, written by Edwin A. Lahey, was published in the Washington Post a week ago Sunday. It shows precisely the proposals which were made, and that in this other Latin American country land reform and taxation were needed, but have not occurred. The writer of the article, who is a very responsible newspaper correspondent and is known to all of us as a journalist with a national reputation for reliability and effectualness, said:

The architects of President Kennedy's "alliance for progress" say that if we dangle the bait of more billions in aid before the oligarchic societies of Latin America, they will enact tax and other reforms needed to bring themselves into the second half of the 20th century.

The theory is that the propertied classes of Latin America, thoroughly frightened by the wave of Castroism, will give a little now rather than lose it all later to the Communists. The theory simply hasn't worked in Guatemala.

The owner of a Guatemalan coffee plantation with an assessed valuation of \$100,000 pays a real estate tax of \$300 a year—and that is only part of the picture. According to competent authority here, there are vast coffee estates paying the \$3 per \$1,000 tax rate on assessed valuations that were computed 150 years ago.

"Actually, this is Guatemala's own business. But since the United States helped overthrow the Communists here 7 years ago, the successor governments have informally promised"—

I note those words, Mr. President—

"informally promised to enact tax reforms so that the propertied class would share more of the burden of the aid program."

These promises have not been redeemed despite many apparently well-intentioned gestures.

In July of 1955, on the first anniversary of the liberation from communism, the late President Carlos Castillo Armas said privately that Guatemala would enact its first income tax law in a matter of months. When Castillo Armas was assassinated in 1957, he still dreamed wistfully of taxing the middle and upper classes.

President Ydigoras has also urged Congress to adopt income tax legislation, but without success. A cynical Guatemalan says:

"The deputies in Congress are lawyers, professional men and friends of the propertied classes. They are not about to start taxing themselves."

Well, it can be said that this is Guatemala, and it was not spelled out quite as much there as it is to be henceforth.



However, yesterday, in Uruguay, the United States yielded on its program under which Latin American nations were to be asked to submit their plans, do not now have to do so.

I am frankly very much distressed that so early in the game we are showing this kind of weakness. The President's program for 5-year loans will fail unless we exact specific conditions, and spell them out, and get firm commitments. We have not shown the necessary fortitude and firmness at this important conference and suggested merely that as in the past we are a soft touch.

The question I would like to ask the Senator is whether he has any suggestion as to how Congress can write into the pending bill conditions which will insure that things of this kind we say we require will be carried out. If we merely go ahead in a kind of hazy, fuzzy, wishful, and idealistic way hoping that what we hope for will happen, it will not happen. All history, which is the only record we have to go by, shows the contrary. I believe this goes to the heart of the question. I would like to support the 5-year program. I believe it is a good idea. I believe it is sound and that it is essential. The corollary to its success is that we must have some assurance that the other part of the program will also be carried out.

Mr. MUSKIE. Mr. President, first of all, I am in complete sympathy with the point of view which the Senator from Alaska has expressed. I remind the Senator that one of the arguments for a long-term loan program is that it will make it possible to hold out long-term development plans as an inducement to recipient countries to develop essential internal reforms. I will cover that point in my prepared remarks later.

Mr. GRUENING. I ask unanimous consent that the article from the New York Times be printed in the RECORD at this point.

Mr. MUSKIE. I am glad to have that done.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**LATIN PLAN LACKS REFORM DETAILS—BUT AID NEEDS ARE SPECIFIED IN URUGUAY PARLEY DRAFT**

(By Edward C. Burks)

**PUNTA DEL ESTE, URUGUAY, August 9.**—The draft of an alliance for progress charter offered by Latin American nations today was specific on the foreign aid needed, but somewhat general as to social reform measures planned.

The draft, prepared by Argentina, Brazil, Chile, Mexico, and Peru states that at least \$20 billion in foreign aid is to be invested in Latin America during the next 10 years. The United States participated actively in preparation of the draft but has decided to remain in the background and allow what purports to be an all-Latin document to be adopted by the Inter-American Economic and Social Conference of Finance Ministers here.

While calling for land and tax reform in participating Latin countries to insure that benefits of the 10-year program are enjoyed by persons at all social levels, the draft does not list specific goals in those areas.

U.S. sources gave this rough breakdown on how they expected the \$20 billion economic and social development program to be financed annually at the rate of \$2 billion a year: From U.S. Government lending agen-

cies, about \$1,100 million; from the International Bank for Reconstruction and Development, the Inter-American Development Bank and other international lending agencies, about \$300 million; from U.S. private capital sources, about \$300 million, and from European public and private sources about \$300 million.

The five-nation charter draft eliminates entirely an earlier recommendation for a seven-man special multinational committee of experts, which was to evaluate development plans submitted by participating nations. The United States had favored the seven-man committee, but in the interest of maintaining harmony with the participating nations abandoned the idea without a real struggle.

The substitute plan agreed to by the United States calls for development plans and projects to be submitted to Inter-American Development Bank, which would appoint experts to evaluate them. Under the substitute plan, participating nations may submit plans to these experts but are not forced to do so.

Some sources were describing the change in the draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the alliance for progress program off the ground.

The seven-man committee would have operated between the countries applying for aid and the lending agencies. But the larger Latin American countries saw in it an infringement on their sovereignty and a hindrance to their development plans.

Although Secretary of the Treasury Douglas Dillon had described such a supranational screening committee as helpful and influential, the official U.S. stands today was that the killing of the committee plan was perfectly acceptable.

#### AID IS AVAILABLE

Under the loosely worded substitute plan, a nation applying for aid could, at its own request, submit its plan to experts who would be selected by the Inter-American Development Bank with the help of other Inter-American agencies.

The ad hoc committee of specialists could then lend its services in studying the development plan. This is far short of the original conception of a body of seven "wise men" that would screen projects before passing them on to the bank or to other lending agencies.

Even with the watered-down substitute, U.S. officials expressed hope that the Latin nations would find it more fruitful and speedy to use the services of the bank's expert committees.

U.S. officials conceded that various reform measures were not specific in the charter draft and that "it is not going to be easy" to push them through reluctant national congresses. But pressure is mounting in all countries for the needed economic and social reforms, the U.S. sources added.

In his major address to the Conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers, and small business.

The draft charter presented today says on the subject of land reform that "frequently" fundamental reforms of land tenancy will be required. One difficulty in Latin America today is lack of agreement on what constitutes agrarian and land reform in the various countries, where there are many tenant farmers.

#### STRICT MEASURES ASKED

On the subject of tax reform, the charter draft calls for applications of strict measures and provision for collecting adequate and

equitable taxes on high incomes and on land.

On agrarian reform, the draft says that "where necessary" reforms in agricultural structures and systems of land tenancy will be carried out so that every farm family can live on a decent level.

U.S. sources say that the charter must of necessity be relatively general but that in cases of poor performance on reforms aid can simply be withheld on the grounds that the applicant did not comply with the charter.

Among the aims of the alliance outlined in the draft are the following: The spread of benefits to all sectors of the population; reduction of dependence on one or two primary export products; industrialization; low-cost housing; minimum of 4 years of education for all children by 1970; the ending of adult illiteracy; better access of Latin exports to United States and world markets; the end of price fluctuations of Latin export products.

The draft charter calls for participating nations to prepare comprehensive development programs in the next 18 months. In the meantime, they are to push short-range development plans.

Mr. MUSKIE. Mr. President, I was setting out, prior to this colloquy with the Senator from Alaska, the four reasons why the President has deemed it essential that Congress commit itself to long-term foreign aid.

First, a long-term commitment by the Congress would support the attempt by the executive branch to obtain a greater sharing of the foreign aid effort by such countries as our NATO allies and Japan. Negotiations looking toward this objective have produced a hopeful beginning with the creation of the Development Advisory Group, which recently met in Tokyo. However, unless the United States is forearmed with long-term development authority, it will be much more difficult to participate in joint development projects, much less to organize them.

Secondly, long-term development financing authority is necessary if the United States is to succeed in assisting the underdeveloped countries to undertake the economic and social reforms that may be essential to their economic growth. This is the point which was raised by the Senator from Alaska.

In many underdeveloped countries, today, economic progress is held back by antiquated tax systems that deprive governments of the revenues needed to build the schools, roads, water supply systems, and other facilities that are the first steps to development. Outdated land tenure systems deprive farmers of any incentive for increasing or diversifying their production. And, entrenched interests also keep governments from adopting the budgetary and administrative measures that are a precondition for progress.

Long-term development financing authority will make it possible to give long-term commitments to underdeveloped countries. If they call upon their citizens to make the temporary sacrifices that are a part of reform, U.S. aid will be forthcoming to help them over the difficult readjustment period. The assurance of such U.S. aid will help the countries to build popular support for the reform efforts. Our assistance could well spell the difference between successful reform and failure.



Third, long-term development financing authority will mean better value for the U.S. aid dollar. To plan the best use of a country's resources and to identify the highest priority projects takes study and time. Even after a project is selected, it may take months before all the conditions for a loan can be met. To allocate development loan money for only a single year, therefore, inevitably means that many projects will be selected hastily in order to qualify for loan funds before the funds run out. Under such conditions, it is no wonder that the priorities that make the most sense in terms of long-term development goals are often ignored.

Long-term development financing authority will eliminate the need for hasty decisions. Combined with strict lending criteria, it will give an incentive to countries to utilize their most talented civil servants in ascertaining how their resources, and ours, can be combined to produce the maximum benefits.

Finally, a long-term commitment by the Congress to a foreign aid program is one of the best ways to improve employee morale. This is essential to high performance and to the recruitment of outstanding public servants from other parts of the government, from business, and from the universities and foundations.

These are, I submit, ample arguments on behalf of the long-term lending authority requested for the Development Loan Fund. As I have indicated earlier, in adopting this approach to the financing of foreign aid lending projects, we are using a sound and established principle already in use in about 20 domestic lending programs, including the loan program under the Area Redevelopment Act, which we passed earlier this year.

This is an approach which has been used by Republican as well as Democratic administrations. As has been pointed out in this debate, the technique was first used in 1932, under President Hoover, to provide funds for the Reconstruction Finance Corporation. Furthermore, President Eisenhower requested the borrowing authority for development loans in 1957.

Using borrowing authority for long-term foreign aid lending activities is not new. From 1948 to 1954, under the Marshall plan, borrowing authority was used to provide funds for long-term, dollar repayable loans to 13 European Nations and to Turkey. Loans under this program totaled almost \$1.2 billion. Amortization of these loans began in 1956, with the exception of Turkey, which was granted a moratorium until 1966. As of June 30, 1961, all of these loan accounts were current, and a total of \$62 million in principal and \$213.6 million in interest payments had been made. It is estimated that during fiscal year 1962 payments of \$19 million in principal and \$26 million in interest will be made. All of this money has been deposited with the Treasury Department.

And yet, in spite of the successful use of this technique in domestic and international lending programs, there are those who tremble and quake at the suggestion that we enact such a provision in this bill. They conjure up images of

bureaucrats from the Department of State creeping into the back door of the Treasury Department in the still of the night to spirit away funds for secret operations in far-off lands. We, as Members of Congress, are warned against giving up rights which were ours from the foundations of the Republic, even though authorizations and appropriations were not separated until 1922. We are told that this is but another wedge in the drive to take away Congress power over the purse strings. The rhetoric is magnificent, but the logic is weak.

Under the terms of the Act for International Development, the annual rate of borrowing is specific and limited. Section 202 of the bill provides:

The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$1,187,000,000, and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be \$1,900,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note-issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year.

In other words, the flow of funds for lending operations has an outside limit each year, and their use will depend on the actual demands on the program.

Borrowing from the Treasury for the Development Loan Fund is done out in the open, through the front door; the amounts borrowed are treated as "public-debt transactions of the U.S. Government" and are carried on the budget books, just as are appropriated funds.

Mr. GORE. Mr. President, will the distinguished Senator from Maine yield?

Mr. MUSKIE. I am happy to yield.

Mr. GORE. I find it intriguing that we hear currently used the expressions "back-door financing" and "front-door financing." Is not this a public session of the U.S. Senate?

Mr. MUSKIE. The Senator is correct.

Mr. GORE. Is not the Senate now debating a proposal to act in the near future upon a measure, with our eyes wide open, in public session, in public debate, with recorded votes, to act upon this manner, this means, of making funds available for purposes which the Senate considers to be in the national interest?

Mr. MUSKIE. The Senator from Tennessee is absolutely correct. I would add that, as has been stated by the Senator from Tennessee and other Senators in the course of the debate, this method of financing important development programs, both domestic and foreign, is traditional and has been used for many years. The public is familiar with it, and Congress is familiar with it. So there is nothing secretive, hidden, or mystifying about it.

Mr. GORE. Does not the Senate now have full opportunity to reject or approve the proposal?

Mr. MUSKIE. Exactly. It will have a similar opportunity every year, if the proposal is enacted.

I thank the Senator from Tennessee for his contribution to the debate.

Mr. President, repayments on loans made under this authority are made directly to the Department of the Treasury "in U.S. dollars." They are not deposited in revolving fund accounts as are some of our domestic lending programs.

Lending standards are set in the act. This is a most important feature. Under section 201:

The President is authorized to make loans payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtainable in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives.

Fifth—and this is responsive to the point raised by the Senator from Alaska—

The extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

In addition to the annual reports required from the President on the overall operations of the Act for International Development, section 204 of the act imposes the following requirement for quarterly reports:

At the close of each quarter of the fiscal year, the President shall submit to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives a report of activities carried out in such a quarter under this title, including appropriate information as to the amount of loans made under section 201(b), and notes issued under section 202(a), as well as any undertakings which have committed the U.S. Government to future obligations and expenditures of funds.

In the third place, Congress may amend the basic authorization at any time, including the borrowing authority. We do not give up that power by giving the administrators of the program more flexibility in managing the flow of lending funds. Furthermore, I see no reason to raise questions by implication about the capacity of our colleagues on the Foreign Relations Committee to oversee the operation of the program.

Finally, Congress must approve each year's proposed development lending budget in accordance with the provisions of the Government Corporation Control



Act. Section 203(b) of the Act for International Development is very specific on this point:

In carrying out the purposes of this title, the President shall prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended (31 U.S.C. 847-849).

Under the Government Corporation Control Act, the Development Loan Fund will be required to submit an annual business-type budget program to the Bureau of the Budget, containing "estimates of the financial condition and operations of the corporation for the current and ensuing fiscal years and the actual condition and results of operation for the last completed fiscal year. Such budget program shall include a statement of financial condition, a statement of income and expense, an analysis of surplus or deficit, a statement of sources and application of funds, and such other supplementary statements and information as are necessary and desirable to make known the financial condition and operations of the corporation." 31 U.S.C. 847.

The President is required to submit the budget program "as modified, amended, or revised by the President, to the Congress as part of the annual budget required by the Budget and Accounting Act, 1921." (31 U.S.C. 848.)

Congress, in turn, must consider and act upon the budget request. Section 103 of the Government Corporation Control Act—31 U.S.C. 849—is very specific on this point:

The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine.

This authority gives the Appropriations Committees power to review and act upon the annual budget of the Development Loan Fund. As the Foreign Relations Committee has stated in its report, the Agency for International Development must "obtain from Congress authority to obligate funds to carry out this program. As with appropriations, the amounts to be borrowed must be included each year in the Federal budget as new obligational authority. Congress, if it chooses, can limit the funds, that otherwise would be available for use; consistent with legislative practice in the case of other Government agencies having borrowing authority, it is anticipated that this would be done only in unusual circumstances"—Senate Report 612, page 10.

Because of the general interest in the question of annual review of development lending activities by the Appropriations Committees of Congress, Mr. President, and because of the questions which have been raised about the application of the Government Corporation Control Act to the AID bill, I requested an analysis of this matter by the executive branch. In response to this request, I received an excellent memorandum which presents in great detail the kind of

congressional control which will apply to the Development Loan Fund under the bill as reported by the Senate committee.

Mr. President, for the purpose of presenting the administration's interpretation of the requirements of the Government Corporation Control Act, I ask unanimous consent that a memorandum entitled "Annual Review of Development Lending Program by Appropriations Committees" be printed at this point in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

ANNUAL REVIEW OF DEVELOPMENT LENDING PROGRAM BY APPROPRIATIONS COMMITTEES

Much of the discussion which has taken place thus far regarding the proposal of the AID bill to finance the development lending program by means of 5-year borrowing authority has proceeded on the assumption that the granting of such authority would result in the elimination of any review of the development lending program by the Appropriations Committees of the House and the Senate during the 5-year period. This assumption is not correct. As a result of the inclusion in the AID bill of a provision making applicable to the development lending program certain provisions of the Government Corporation Control Act, the exercise of the borrowing authority will in fact be subject to annual review by the Appropriations Committees of both Houses.

Section 203(b) of the AID bill provides, in substance, that the development lending program shall be subject to the budget provisions (secs. 102, 103, and 104) of the Government Corporation Control Act. Section 102 of the Control Act requires the annual submission to the Bureau of the Budget by each corporation or agency which is subject to such budget provisions of a business-type budget, containing, among other things, an estimate of the financial operations of the corporation or agency for the ensuing fiscal year, including a statement of income and expense and a statement of sources and application of funds. Section 103 provides that all such budget programs shall be transmitted to the Congress as part of the President's budget. Section 104 reads as follows:

"The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 831(y) of title 16. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

The language of section 104 contains certain ambiguities, and these ambiguities are not fully clarified by the legislative history of the Control Act. As a result, the meaning of section 104 has been the subject of disagreement in past years. The following discussions sets forth the views of the executive branch as to the proper interpretation of section 104.

The Government Corporation Control Act can best be understood in the light of the statement of policy which the Congress included in that act reading as follows:

"It is hereby declared to be the policy of the Congress to bring Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof."

The procedures which are provided to accomplish the policy as set forth above are spelled out in a report by Senator FULBRIGHT on the Control Act for himself and Senator BUTLER of the Senate Committee on Banking and Currency (S. Rept. 694, 79th Cong., 1st sess., 1945). The report states:

"The President is directed to transmit to Congress, as a part of the annual budget required by the Budget and Accounting Act of 1921 the budget programs of the corporations as modified, amended, or revised to conform to his recommended program for the Federal Government as a whole. The Congress will consider these budget programs and enact legislation making available such funds or other financial resources, with such directives and limitations as it may deem necessary. In this manner Congress will for the first time have a systematic procedure for annually scrutinizing and passing upon the budgets of the Government corporations as it now does for the regular agencies of the Government. Only in this way can the operations of Government corporations be brought into balance and proportion with all other Federal activities and in harmony with the financial and economic policies of the Congress. The budget procedure established by the bill provides for the information and the facilities for the exercise of congressional control over the budget program of each of the wholly owned Government corporations in the manner and to the extent considered appropriate and desirable."

Ever since the enactment of the Control Act, it has been the consistent practice of the executive branch to lay before the Congress annually budget programs for all corporations or agencies covered by the budget provisions of the Control Act, which have included appropriate information on the programs and financial transactions contemplated. Moreover, it has been the consistent practice of the Congress to review such budget programs and to include in appropriation acts specific language authorizing the conduct of the programs for the ensuing fiscal year, and providing limitations where Congress has so decided. One instance is known in which Congress failed to enact the usual legislation for a particular year with respect to a particular agency (Institute for Inter-American Affairs.) It is understood, however, that this failure was the result of a clerical error by which the name of the agency in question was accidentally dropped from a list of agencies forwarded by the executive branch with the usual recommendation for legislation.

The customary language used by the Congress for approving budget programs is as follows:

"(Name of agency or corporation) is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to such corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such (agency or corporation)."

As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:

1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.

2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing au-



thority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.

3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.

4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the AID Act or in the appropriation act, whichever is the more limiting.

5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

As indicated in the foregoing numbered paragraphs, the contemplated procedure admits of the possibility that limitations on the development lending program might be imposed by the annual section 104 legislation. This is in accordance with an explicit provision of section 104 to the effect that the use of funds may be limited where Congress determines. However, the executive branch understands that it was the intent of the Congress, in enacting section 104, that limitations on budget programs would be imposed only where affirmative reasons existed for imposing them. There is strong support in the legislative history for this position. Thus, the report of the House Committee on Expenditures in the Executive Departments which accompanied the control act bill in 1945 contained the following statement:

"Section 104 provides for the consideration by the Congress of the budget programs and the enactment of legislation, if necessary, making available such funds or other financial resources as the Congress may determine. Under this procedure, it is contemplated that the budget programs as transmitted by the President to the Congress would include, as in the case of estimates of appropriations, language suitable for enactment as the authorizing legislation. Such programs would be referred to the House Committee on Appropriations and, after hearings, be reported to the House, in the form of (1) simple authorizing legislation, showing that the Congress had considered and approved the budget program but not setting a limitation on the corporate financial activities other than that provided by substantive law, or (2) legislation incorporating such specific limitations as necessary to enforce the will of Congress in the carrying out of the corporate financial activities or to conform such activities to the general financial program of the Government." (H. Rep. 853, 79th Cong., 1st sess., p. 12).

In fact, as the practice has developed under section 104, limitations have regularly been imposed with respect to administrative expenses. However, only in a few instances (e.g., in the case of the Federal Home Loan Bank Board and of the Federal Prisons Industries, Inc.) have limitations been imposed with respect to operating expenses. It would be the expectation of the executive branch that, in the case of the

development lending program, limitations would be imposed upon the development lending program by the annual section 104 legislation only if affirmative reasons existed for imposing such limitations in order to assure the carrying out by the executive branch of the will of the Congress with respect to the development lending program, as expressed in the AID bill, or to conform the activities of the development lending program to the general financial program of the Government.

It is worth pointing out, as a point which is separate from, although related to, the points which are made in this memorandum with respect to the application of the Government Corporation Control Act, that section 202(a) of the AID Act, which establishes the borrowing authority, places fiscal year limitations upon the availability of funds pursuant to such authority. The result of these provisions is that the executive branch could not in any event enter into firm obligations with respect to the funds provided for any fiscal year prior to the commencement of that fiscal year. In other words, any long-term commitment which the executive branch might make providing for the lending of funds becoming available in a future fiscal year would have to be made subject to the condition that the borrowing authority had not been revoked prior to the commencement of that fiscal year.

The net result of the factors considered in this memorandum is that the exercise of the borrowing authority provided under section 202(a) of the AID Act would be subject to annual Appropriation Committee review and congressional action pursuant to section 104 of the Control Act. Long-term commitments of funds provided by the borrowing authority would have to be made subject to such congressional review and action (as well as being made subject to the nonrevocation of the borrowing authority, as indicated in the preceding paragraph). However, the executive branch would consider the enactment of the borrowing authority in the AID Act to constitute an expression of intent on the part of the Congress to provide funds over the 5-year period in the aggregate amount of \$8.8 billion, and it would feel free to enter into conditional commitments with respect to these funds. It would be the expectation of the executive branch that the level of these funds would not be reduced, so as to render it impossible for the commitments of executive branch to be carried out, unless the Congress considered that affirmative reasons existed for such reduction.

Mr. GRUENING. Mr. President, will the distinguished Senator from Maine yield?

Mr. MUSKIE. I yield.

Mr. GRUENING. I wish to ask the Senator from Maine, and also the distinguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Idaho [Mr. CHURCH], two members of the Committee on Foreign Relations whom I observe in the Chamber, whether they have read the article in the New York Times this morning, a special dispatch from Uruguay, which indicates that the United States delegation has already weakened with respect to the proposal to try to secure assurances that in exchange for the \$20 billion the United States is offering, there will be land reform, tax reform, and a different attitude generally. I have already received unanimous consent to have the article printed in the RECORD. I hope every Senator will read it. It is a most factual article. It shows that the original proposal of the United

States, which was an attempt to guarantee that the Latin American nations would agree to consider this proposal, has been weakened. They have refused to agree and have submitted an alternative plan, which is much weaker, and we have yielded.

I am very much distressed by this event. I hope other Senators also will note it. We who would like to support the five-year loan program wish to be assured that there will be some definite guarantees which the beneficiaries of the program will comply with; that in exchange for this generous system of grants and loans there will be land reform and tax reforms, and that there will be a definite understanding that the program will be carried out, not, as in the case of Guatemala, merely a promise to let it be carried out.

Mr. SPARKMAN. Mr. President, will the Senator from Maine yield?

Mr. MUSKIE. I yield.

Mr. SPARKMAN. I call the attention of the Senator from Alaska to the fact that included in the bill is an amendment which I have proposed to it myself, conditioning the aid program for Latin America upon the Bogotá agreement, which was entered into a year ago. It provides that the nations participating will have to engage in tax reform, land reform, and similar activities. I believe what the Senator is referring to now—I have not read the particular article—is the reluctance of Latin American nations to accept the tight overseeing commission which the United States has proposed.

Mr. MUSKIE. Mr. President, I wish to complete my remarks within the time still available to me.

The PRESIDING OFFICER. The hour of 2 o'clock has arrived. Under the unanimous-consent agreement—

Mr. MANSFIELD. Mr. President, the meeting to which I referred earlier is still in progress. I, therefore, ask unanimous consent, in order to take care of the wishes of the Senator from Maine and the Senator from Virginia [Mr. ROBERTSON], that the vote on the passage of the pending bill be taken at 2:15 o'clock.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MUSKIE. Mr. President, the administration has offered a new aid program which makes use of sound banking procedures in our investment in the development of free nations.

This approach was advanced and strongly endorsed by Secretary of State John Foster Dulles. His statement before the Senate Foreign Relations Committee in 1957 is very pertinent:

The Development Loan Fund should be established upon a basis of continuity with sufficient capital for several years' operations. As I said here last month, economic development is a long-term process. It is not an annual event. If our assistance is to be useful at all, it should be provided on a sustained basis, that is consistent with the long-term nature of the job to be done.

It is not necessary that all the capital of the Fund be provided at once. But it is essential that there be initial provision for future availability. For this reason the President has asked that there be provided this year an appropriation of initial capital and the authority to borrow additional cap-



ital from the Treasury in the second and third years. Such borrowing authority has been used to capitalize other U.S. lending agencies. These additional funds which would be borrowed from the Treasury would not be available for obligation until such second and third years. However, the fact that they would be available will give the countries we wish to help and our own administrators the assurance they need to plan ahead.

The new approach we contemplate requires that we get away from the annual authorization or appropriations. These inevitably tend toward a system of illustrative programs as a basis for justifications. These are not compatible with the assurance of continuity essential to good planning and to the new long-term loaning concept. They are not compatible with cooperation with such organizations as the International Bank for Reconstruction and Development and Export-Import Bank which operate on a long-term businesslike basis, with established capital.

We can disagree—and do—as to the merits or the effectiveness of a national effort to assist underdeveloped countries. But surely we can agree that, once this effort is undertaken, it should be done effectively and efficiently. Surely we can agree that everything possible should be done to insure its success.

If, without relinquishing essential control, we can enable the administrators to do a better job, to move more effectively toward the objective of the program, to get more results for the tax dollars expended, it seems to me it is our responsibility to do so. It is our duty to avoid waste of effort, waste of energy, waste of resources. Such waste is a disservice to our constituents. It dilutes our contribution on behalf of freedom, and economic and social growth in all parts of the globe.

It is because I believe the proposed long-term borrowing authority will promote efficiency and reduce waste that I support it.

#### APPLICATION OF FEDERAL CRIMINAL LAW TO CERTAIN EVENTS OCCURRING ON BOARD AIRCRAFT

The Senate resumed the consideration of the bill (S. 2268) to amend the Federal Aviation Act of 1958 to provide for the application of Federal criminal law to certain events occurring on board aircraft in air commerce.

The PRESIDING OFFICER. The hour of 2:15 p.m. having arrived—

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, the recent hijacking of American passenger planes constitutes insults to the United States and seriously impairs our prestige in a family of nations. Further, it is a menace to the safety and welfare

of our individual citizens. We owe them the utmost in protection.

No one can say exactly to what extent these events have been encouraged or participated in by the Castro regime. But it is certain that nothing has been done by the Castro government to discourage such incidents, and the evidence is clear that at least two of the incidents have been entirely condoned. In effect, the act of highjacking was approved and adopted by the Cuban Government when it failed to quickly repudiate it and to do everything possible to make restoration in every particular.

It is further clear that the quick return of the American plane and passengers, following the highjacking yesterday in Mexico City, was prompted by the fact that a high official of a South American country was aboard.

To protect our position and our individual citizens, the United States must announce our intentions and exactly what we will do if and when similar events again occur.

To this end, we must formulate and announce a policy that we shall follow in the event of recurrences. Our plan should include the announcement that we will keep military power standing by; that, in the event of recurrences, we will directly intervene and use, if necessary, force to protect the rights of our citizens.

Under present conditions, virtually every American citizen who boards a plane in this hemisphere runs the risk of being imperiled by this menace. No air traveler is safe. No longer can we afford to postpone a definite policy and firm action.

Perhaps these hijackings are all Communist inspired. The hour is already here when we must act in order to avoid what otherwise will be certain to come in the future. Frankly, I see no danger whatsoever of starting a war through protecting ourselves in this matter. In fact, the best way to avoid a war is to announce immediately our policy, and then follow with a plan of action from now on.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Oregon [Mrs. NEUBERGER], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

The Senator from Maryland [Mr. BEALL] and the Senator from Kentucky [Mr. MORTON] are detained on official business.

If present and voting, the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Kansas [Mr. CARLSON], and the Senator from Kentucky [Mr. COOPER] would each vote "yea."

The result was announced—yeas 92, nays 0, as follows:

[No. 132]

YEAS—92

Aiken	Goldwater	Miller
Allott	Gore	Monroney
Anderson	Gruening	Morse
Bartlett	Hart	Moss
Bennett	Hartke	Mundt
Bible	Hayden	Muskie
Boggs	Hickenlooper	Pastore
Bridges	Hickey	Pell
Burdick	Hill	Prouty
Bush	Holland	Proxmire
Byrd, Va.	Hruska	Randolph
Byrd, W. Va.	Humphrey	Robertson
Cannon	Jackson	Russell
Capehart	Javits	Saltonstall
Carroll	Johnston	Schoeppel
Case, N.J.	Jordan	Scott
Case, S. Dak.	Keating	Smathers
Church	Kefauver	Smith, Mass.
Clark	Kerr	Smith, Maine
Cooper	Kuchel	Sparkman
Cottor	Lausche	Stennis
Curtis	Long, Mo.	Talmadge
Dirksen	Long, Hawaii	Thurmond
Dodd	Long, La.	Tower
Douglas	Magnuson	Wiley
Dworshak	Mansfield	Williams, N.J.
Eastland	McCarthy	Williams, Del.
Ellender	McClellan	Yarborough
Engle	McGee	Young, N. Dak.
Ervin	McNamara	Young, Ohio
Fong	Metcalf	

NAYS—0

NOT VOTING—8

Beall	Chavez	Neuberger
Butler	Fulbright	Symington
Carlson	Morton	

So the bill (S. 2268) was passed.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that my remarks on the foreign aid bill be printed in the RECORD after the taking of the vote on the aircraft hijacking bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. I also ask unanimous consent that if I am unable to conclude my remarks in 15 minutes, I may then yield, to permit the vote on the plane hijacking bill to be taken, with the understanding that following the vote, I shall have the floor again.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President, I wish to register three objections to the pending bill to authorize an enlarged foreign aid program on a 5-year basis. In the first place, we are now spending a larger percentage of our gross national product, and needless to say by far the largest amount in the terms of money,



than that being spent by any other nation in the world, to protect the free world from the encroachments of communism; and in view of the very large deficit that will be incurred by spending schemes already authorized, I do not feel that we are in a financial position to borrow additional money to be given away or loaned with little chance of repayment. In the second place, I have consistently opposed the financing of genuine revolving funds as well as outright grants and unsecured loans tantamount to grants by authorization to draw directly upon the Treasury, commonly referred to as back-door financing. And, last, but by no means least, I urged the then Administrator of foreign aid, Mr. Paul Hoffman, in the late fall of 1949, to provide no more of our money to be poured down the rat hole of socialistic schemes.

But that protest had no effect then, nor has the overall policy in that regard been materially changed.

The tremendous spending program of the current session of the Congress, involving deficits which may become highly inflationary, is too well known to need discussion at this time. For instance, House and Senate conferees agreed yesterday on the defense appropriation bill authorizing very essential spending in behalf of national security, totaling about \$46½ billion. The Berlin crisis is still a very real crisis; and when the President recommended that we strengthen our defense posture by increasing the Eisenhower defense budget by approximately \$5 billion, we dare not assume the responsibility of saying, in effect, that we have nothing to fear concerning the Berlin situation, and, therefore, we refuse to cooperate along the lines he suggests for its successful solution.

Mr. President, in the preceding speech on this subject made by the distinguished Senator from Maine [Mr. MUSKIE], he was asked by the Senator from Tennessee [Mr. GORE] whether the Senate could vote down the provision of the bill granting the privilege to draw directly on the Treasury. The answer is, of course, that the Senate could do so.

The burden of my remarks is to express the hope that the Senate will strike out that provision, by adopting the amendment proposed by my colleague, the senior Senator from Virginia [Mr. BYRD].

#### BACK-DOOR FINANCING

Mr. President, back-door financing ordinarily refers to authority to expend from public debt receipts—in other words, to borrow directly from the Treasury—and to contract authorizations, when these are part of legislative bills. The term "back-door financing" may also refer to the operation of certain revolving funds and the cancellation of notes of Government corporations or other agencies.

Back-door financing generally involves nonappropriated Treasury funds expended by Government corporations or other agencies, or appropriated Treasury funds expended under contracts entered prior to the time appropriations were made. Authorizations to expend from

public debt receipts are usually reported by congressional committees other than the Committees on Appropriations.

The most extensive use of back-door financing involves contract authority and authority to borrow directly from the Treasury. Article I, section 9, of the Constitution of the United States requires that—

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

This constitutional provision has been implemented in both Houses of Congress by adopting rules establishing the Standing Committees on Appropriations. Rule XXV of the Standing Rules of the Senate pertains to the jurisdiction of the Committee on Appropriations. The rules requires that there be referred to the committee "all proposed legislation, messages, petitions, memorials, and other matters relating to the following subjects: First, appropriation of the revenue for the support of the Government."

Both the Constitution and the Standing Rules of the Senate, in my opinion, require the adoption, wherever possible, of the annual appropriations process for all types of Federal programs. To the extent that a bill—by back-door Treasury financing provisions—calls for the payment of money from the Treasury without the necessity of further action by the Congress, both the mandate of the Constitution and the mandate of the Senate are bypassed. To the degree that proposed legislation permits, prior to appropriation, Government agencies or other bodies to enter into contracts for future expenditures, these same mandates go by the board. Now is the time for us to reaffirm the wisdom of the Founding Fathers, as well as to comply with the rules of the Senate itself, by calling for annual appropriations, and by rejecting the unsound principle of back-door Treasury financing.

If, on the other hand, we allow back-door Treasury financing to proliferate, the Congress will offer additional blank checks on the Treasury, payable on demand, and without notice, for any amount up to statutory limits. That, in my opinion, is no way for the Congress to legislate in connection with its power to spend, tax, and print money. Let us, rather, hold fast to the long-tested regular appropriations process. This gives the Congress a regular opportunity to review programs, to authorize expenditures of maximum amounts, to influence the timing of such expenditures within fiscal years, and to recommend changes whenever needed in the public interest.

Appropriations financing has always provided a direct method of redirecting, expanding, reducing, or calling a halt to a program, in accordance with the past experience of the program and the demands of the future. Back-door financing, however, means that the regular appropriations process is utilized only to provide a formal annual authorization, if any; control over the program may be effected only through indirect limitations over administrative expenses. To correct the administration of a back-door financed program might

well require a large-scale investigation, followed by legislation for its revamping. The delays and expenses inherent in such a process provide a sufficient argument against this method of congressional operation.

The Comptroller General of the United States for a number of years has criticized back-door financing as a method of bypassing the regular appropriations procedure. In a letter dated April 22, 1958, to the chairman of the Senate Committee on Banking and Currency, Comptroller General Campbell stated, in part:

The General Accounting Office has for many years taken the position that funds to finance Government activities should be made available to the corporations and agencies responsible for administering the programs through the normal appropriations processes rather than through authorizations to finance through public-debt transactions.

Authorizations to finance through public-debt transactions result in moneys being expended without the initial review by the Appropriations Committees and are usually stated in terms of a continuing maximum amount of obligations to the Treasury which can be outstanding at any time, thus avoiding the annual reviews by the Appropriations Committees. We believe that the financing of loan programs through public-debt transactions, by combining program authority with funding, tends to perpetuate programs that might not otherwise stand the test of continued congressional scrutiny.

Back-door Treasury financing has already grown to unreasonable dimensions. At the end of the fiscal year 1960, outstanding borrowings from the Treasury under public debt transactions exceeded \$33 billion. Up to the same date, a cumulative total of \$114 billion had been borrowed. At the same time, unused authorizations outstanding under which additional borrowings could be made were more than \$25 billion. I shall offer for the RECORD a table showing public-debt transactions by each fiscal year from 1932 through 1960.

Authorization to spend money borrowed directly from the Treasury was first granted to the Federal land banks in 1918. The RFC in 1932 represented the first more recent use of such authority. The proponents of back-door financing argue that these and more recent precedents justify additional back-door Treasury financing. On the contrary, they merely emphasize the necessity of going no further, lest the great majority of Federal agencies and other bodies eventually operate on the same basis.

Some persons advocate using the borrowing authority for loan programs, and using the appropriations process for expenditure programs. I do not agree with this position. Merely because a program operates to extend loans, there is no guarantee that such loans will be repaid. We know of many cases in which the making of a loan was not equivalent to the making of an investment.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a table which shows previous back-door financing amounts to \$114,490 million.



There being no objection, the table was ordered to be printed in the RECORD, as follows:

Public debt transactions, June 30, 1932, to June 30, 1960

[In millions of dollars]			
Fiscal year	Borrowings and other advances from Treasury during year	Unused authorizations outstanding at year end	Outstanding borrowings from Treasury at year end
1932-----	350	1,150	350
1933-----	1,235	2,537	1,585
1934-----	1,670	7,571	3,255
1935-----	825	5,590	3,655
1936-----	865	4,587	4,030
1937-----	227	4,998	3,630
1938-----	345	5,784	883
1939-----	426	6,235	273
1940-----	642	6,874	104
1941-----	798	9,374	302
1942-----	4,178	18,868	4,079
1943-----	6,969	15,775	7,519
1944-----	7,615	15,157	10,717
1945-----	4,149	16,810	12,169
1946-----	3,553	24,527	12,505
1947-----	7,347	21,206	16,580
1948-----	5,505	15,167	9,123
1949-----	5,851	13,474	13,184
1950-----	4,032	16,991	14,757
1951-----	3,781	17,605	15,361
1952-----	2,739	21,327	15,854
1953-----	4,420	20,006	18,369
1954-----	5,398	20,738	19,067
1955-----	6,224	19,245	22,348
1956-----	5,273	17,980	26,173
1957-----	6,078	19,834	28,888
1958-----	7,302	25,197	28,019
1959-----	9,959	25,186	32,828
1960-----	6,734	25,734	33,068
Total.	114,490	-----	-----

Source: "Combined Statement of Receipts, Expenditures, and Balances of the U.S. Government for the Fiscal Year Ended June 30, 1960," U.S. Treasury Department, pp. 492-493.

Mr. ROBERTSON. Nor is there any reason why, in my opinion, Federal moneys advanced for loans should not be subject to the same annual scrutiny provided by the appropriations process for other types of outlays.

Recently, the Senate considered the omnibus housing bill, which committed the Federal Government to underwrite \$9 billion in housing loans and grants over many years. Over \$5 billion of this total was in the form of outright grants, and the remainder was in the form of loans. Nearly all this vast sum was authorized under some type of back-door financing arrangement. When the Congress approved the bill, it is effect lost control, within specified limits, over the amount and timing of these back-door housing loans and grants, in some instances for as long as 40 years. It waived control for as long as one generation, despite whatever other demands might arise upon the Federal budget, and regardless of whatever future conditions might prevail in the general economy or in the housing market. Now is no time to compound this and other mistakes by authorizing additional use of back-door financing.

Our long-term commitments—even excluding the \$26 billion in unused authorizations outstanding to draw funds directly from the Treasury, through back-door financing—are large, indeed. These commitments currently include approximately \$9 billion in annual interest on the national debt, \$1 billion in annual veterans' pensions, and other built-in expenditures over which the Congress holds

no real control. We have already gone far enough—if not too far—in complicating Federal fiscal and monetary policy through the proliferation of different types of expenditure authority subject to little, if any, immediate congressional control.

Mr. President, my third objection is to the financing of socialistic projects.

THE FUTILITY OF FINANCING SOCIALISTIC PROJECTS

In the fall of 1949, other members of the Senate Appropriations Committee and I visited 14 countries in Europe, which were participating in what we then called the Marshall plan. I found evidences of lavish spending and inefficiency; and, immediately upon my return, I publicly advocated that the amount being appropriated should be reduced by at least a billion dollars. I also wrote to the then Administrator, Paul Hoffman, a long letter in which I commented upon the lavish use, by foreign governments, of American dollars, in the operation of socialistic enterprises which, in my opinion, could never successfully compete with the type of enterprise we have in this country; and I also predicated that there would be no real recovery in Western Europe unless and until the countries then receiving lavish help from us modified their extreme nationalism and promoted trade between themselves, by the reduction of tariff and currency barriers.

I wish to read that letter to the Senate, first, because everything I said has subsequently been proved to be true; and, second, because we are now engaged in making the same kind of mistake in South America, where our distinguished Secretary of the Treasury has promised not only a 5-year plan, but also a 10-year plan and a greatly increased contribution on our part, over and above the pending bill, unless European nations help out, which is most unlikely. Typical of the waste incident to socialistic operations are the tin mines in Bolivia, which under private ownership and operation were highly profitable, but under government operation and without any capital investment whatever have been kept afloat only through the use of our foreign-aid funds.

And Chile is proposing to duplicate that unfortunate experiment where 90 percent of the tin-producing mines are now owned by American citizens. Chile plans to nationalize those tin mines either with a nominal payment to the present owners or through the issuance of bonds of the hope-long-deferred type, and eventually, like Bolivia, will wind up operating those mines through the use of the foreign aid recently promised them by Secretary Dillon. In the meantime, down the rat hole of socialistic schemes will go our hard-earned American dollars. And the brave, eloquent words of Secretary Dillon: "We must add the new and broad dimension of social development in a conscious and determined effort to further social justice in our hemisphere" will become as a sounding brass and a tinkling cymbal. If there is any fundamental difference

between the freedom of a representative democracy and the dictatorship of communism, it is the economic fact that social justice can neither be developed nor broadened by the state's taking over the instrumentalities of production, as recommended by Karl Marx.

In his new book entitled "George Mason: Reluctant Statesman," Dr. Robert A. Rutland, after quoting Mason's draft of Virginia's bill of rights concerning the inalienable rights of life, liberty "and the means of acquiring and possessing property," said:

Leave men alone and they will be clever enough to see that freedom and tolerance best serve their self-interests and permit them to enjoy the blessings of life and property. That is true liberty and the unfettered pursuit of happiness.

The pending foreign aid bill contemplates tremendous expenditures for military aid to Western Europe which has become so very prosperous since it eliminated the trade and currency barriers to which I referred in the Paul Hoffman letter that those countries are serious competitors of ours in the markets of the world and are sending textiles, steel, veneer, glass, and other imports into this country to an extent that it is creating genuine hardship among our domestic producers of the same products.

Mr. President, upon my return to the States after the inspection trip to Western Europe to which I referred, I wrote, on December 4, 1949, a letter to Hon. Paul G. Hoffman, Administrator of ECA. I ask unanimous consent that the letter may be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DECEMBER 4, 1949.

HON. PAUL G. HOFFMAN,  
Administrator, Economic Cooperation Administration, Washington, D.C.

DEAR PAUL: As the result of slightly more than a month in Western Europe, I feel that I have gained a better understanding of some of our economic and military problems in that part of the world. Surface impressions, of course, can be erroneous but, in addition to attending all official meetings, I made it a practice in each country to interview as many as I could with no government connections, hoping thereby to get an accurate cross section of opinion.

My visit to Europe has definitely convinced me that ECA was soundly conceived as an integral part of an overall peace program and has been as efficiently administered as so vast a program in a large number of foreign countries could hope to be. Our primary objective of stemming the onrushing tide of communism has been achieved.

The people of Western Europe now have, in an amount sufficient for a sustained effort, the three essentials of life—food, clothing, and shelter. Their productive capacity has not only been restored but in all countries except Germany and Greece, slightly exceeds the prewar level. Their chief problem now is one of exchanging items of which they have a surplus for items they do not possess or which are in short supply. In other words, the economic stability of Western Europe is now more dependent upon economic integration than upon our further dollar aid. The small nations of Western Europe favor economic integration but



France and Great Britain pay lipservice to it only.

While there may be some lowering of trade restrictions in Western Europe before our aid ends, my present impression is that the program will be quite inadequate. The trend undoubtedly will be to unilateral trade agreements or small grouping, like Benelux, but nothing approaching free trade in Western Europe or free currency convertibility.

Anti-Communist governments are now safely entrenched in the area in question and have the ability, with such military aid as may be given them under the Atlantic Pact, to make it tough for a potential aggressor. But if the people of a given country do not prize their personal liberty enough to fight for it, American gold will not put that divine spark in their hearts.

I think that we have assumed at least a moral obligation to continue the ECA program through fiscal 1952. In fact, I personally feel that our own best interests would require us to do so. But I likewise feel that the time is approaching when we can make a substantial reduction in the dollar aid. When we told foreign representatives that our national debt was approaching \$260 billion and that we would probably end the current fiscal year with a deficit of \$5½ billion, it left them unimpressed. They seem to think we have the Midas touch and if we don't convert things into gold for them, it will be because we are selfish and want them to be underlings.

But I am deeply concerned over the fact that in the last few years, excluding strictly war expenditures, we have spent more than during the period from President George Washington to President Truman. I am convinced that if we go broke, which is a possibility, there is not a nation in the world that would lend us a thin dime. Consequently, as a member of the Appropriations Committee during the 2d session of the 81st Congress, I shall make the best fight of which I am capable for a reduced budget. Such a fight, of course, must include the next appropriation for ECA. I hope it will be feasible for us to limit it to about \$2½ billion and end it the following year with about \$1 billion.

I realize, of course, that when the program ends, we will be cordially disliked in Europe and in some sectors actively hated. But Europe does not have our system of private enterprise as a stimulant to production, and never will, it does not have our area of free trade; no one country is so nearly self-contained with respect to raw materials as we; and, for other reasons needless to be enumerated, Western Europe did not have our standard of living before either of two World Wars and will never have it in the foreseeable future unless we are foolish enough to spend ourselves into bankruptcy.

As a means of curtailing ECA expenditures, I would recommend that ECA make no more loans, referring those who wish to borrow to the World Bank or the Export-Import Bank. We can't expect any European nation to go to the World Bank for 4½ percent money if we set up an agency to lend it at 2½ percent and possibly with a tacit understanding that it will never be repaid.

We should make every effort to establish satisfactory trade with India, from which country we can receive acceptable imports in exchange for surpluses we need to dispose of.

In the interests of a more stable world we should urge all nations who hold British war debts to refund those debts on a long-time basis and at an appropriate rate of interest. The labor government of Great Britain will never realistically face the problem of competition in world markets so long as she can keep members of the labor unions employed in the production of high-priced goods for sale to sterling areas.

Spain desperately needs our wheat, cotton and machinery, and never in her history has Spain defaulted on a debt. I would like to see Spain given an Export-Import Bank loan with a gentleman's agreement that the funds would be expended for the items mentioned.

When you have had an opportunity to reflect upon these suggestions, I shall welcome your reactions. As I said in the outset, they are merely surface impressions based upon an inadequate study, but I don't believe all of them can be wrong.

Cordially yours,

A. WILLIS ROBERTSON.

Mr. ROBERTSON. Mr. President, in that letter I called attention to the fact that our funds were being wasted in Europe on socialistic schemes, and how those countries needed to cut down their trade barriers. There was no real prosperity in Western Europe until the Common Market was created.

In Mr. Hoffman's letter in reply to my letter, he promised to cut out the program 2 years from that time. That would have been 10 years ago.

I ask unanimous consent that the letter from Mr. Hoffman in reply to mine be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

#### ECONOMIC COOPERATION

#### ADMINISTRATION,

Washington, D.C., December 13, 1949.

The Honorable A. WILLIS ROBERTSON,  
U.S. Senate.

DEAR WILLIS: I am most grateful to you for your letter of December 4, 1949. In this complicated job ECA has to do it is of inestimable value to me to have the observations and conclusions of, intelligent, independent observers of the European scene. If such reports are available to us we have the means of verifying or correcting our own conclusions and as a result we are enabled both to avoid making continuing mistakes and to deal with new problems of which we may not have been fully aware.

I am also grateful to you for your kind words about the important place of the European recovery program in an "overall peace program" and for your endorsement of its administration.

I appreciate your suggestion to me that you would be glad to have my reactions to the points you make in your letter and I shall give these to you in complete frankness.

At the outset let me say that you have put your finger upon some of the most important questions and difficulties with which we are concerned. I fully agree with you that the success of the recovery program in Western Europe depends upon achieving effective economic integration, that we cannot permit the Western Europeans to overlook the conclusion that our aid must be a declining amount with a definite terminal date, that the future of the world depends upon the United States' continuing strong and solvent and that the participating countries must realistically face the problem of increased dollar earnings and of competing in world markets. As you perhaps know, in my speech to the council of the OEEC on October 31 I pounded hard on certain of these subjects and I believe with you that the participating countries must make substantial progress in dealing with these questions without delay.

I should now like to discuss in more detail some of the specific statements and conclusions in your letter.

You say, "But I likewise feel that the time is approaching when we can make a substantial reduction in the dollar aid." The

context in which this appears in your letter might be taken to imply that you feel ECA does not agree with you on this point and will be reluctant to accept this policy. In fact, I feel as strongly as you do about this and I believe our actions bear this out. The first year of the program involved appropriations of roughly \$5 billion, plus about \$564 million for government and relief in Germany, which was contained in a separate appropriation for the Department of the Army. For the second year we requested about \$4 billion and the Congress finally appropriated \$3,778 million. This figure again was exclusive of a separate appropriation to cover expenditures for government and relief in Germany. If this latter item is added in, the total available for Western European recovery in the fiscal year 1949-50 comes to roughly \$4,150 million. In testimony before congressional committees earlier this year, I stated my belief that further large cuts in subsequent fiscal years could be expected. Our continuing examination of the recovery program since that time confirms this belief. Though the President and the Bureau of the Budget have not as yet determined the amount to be requested for the fiscal year 1951, I can assure you that the request when submitted will show "a substantial reduction in the dollar aid."

You mentioned in your letter that you "hope it will be feasible for us to limit it to about \$2½ billion." I assure you I should like nothing better than to be able to accomplish this but I believe that too large a cut would entail a most serious risk of failure in what I think we all agree has been a program of the greatest significance to world recovery and to the prospect of peace and security. I still believe that it does not make sense to use a 15-foot rope to rescue a man who is about to drown 20 feet from shore. I assure you we are not going to ask for a single dollar that we do not think is really needed for the purposes of successfully achieving our objective and I think you will agree that our record to date warrants confidence in us on this score. I would therefore urge you to preserve an open mind on this subject and not to conclude that \$2½ billion will be enough until we have presented before you and others in Congress our detailed justification of our final budget estimates.

You are rightly concerned, as I am, with the tremendous expenditures of the U.S. Government and the possible consequences of such expenditures to our own stability and solvency. I assure you, however, that if enough funds are not appropriated to achieve European economic recovery and Europe relapses into the conditions of 1947 and early 1948, we should soon find communism on the march again with a consequent potentially disastrous threat to our own security. I for one am convinced that under these circumstances we should soon be forced to spend many times on increased military preparedness what we might have saved by relatively small reductions in ERP appropriations. Such a course, it seems to me, is not the way to protect either our solvency or our security or the peace of the world.

As I have already indicated both in this letter and in my speech to the Council of the OEEC, I agree with you concerning the vital importance of real progress toward economic integration in Western Europe. I have some disagreement with you, however, when you state "the economic stability of Western Europe is now more dependent upon economic integration than upon our further dollar aid." My view is that the economic stability of Western Europe is still dependent upon both and that it is impossible to say upon which of the two it is more dependent. It is quite true that an important element in recovery and stability will be the



increase in exchange of goods between the participating countries. However, even with the maximum achievement in this respect there are certain goods needed by the participating countries for their recovery which are not produced in sufficient quantities anywhere in these countries and must be bought for dollars in the western hemisphere. If these countries were exchanging their surpluses either in Europe or elsewhere in the world for currencies convertible into dollars they would not require dollar aid but I am afraid this happy state of affairs is not immediately in prospect. In any event their continued recovery and stability cannot yet be fully achieved solely by improving exchanges among themselves and must for a while continue to depend upon some dollar aid.

You say in your letter, "While there may be some lowering of trade restrictions in Western Europe before our aid ends, my personal impression is that the program will be quite inadequate." I agree that this is a real danger. But at the same time I assert that, even though we may have some apprehension on this score, neither the Western European countries nor we ourselves can permit this program to be inadequate. Recovery and independence from our aid depends to such an important degree upon success in removal of trade restrictions that we just cannot accept the prospect of failure in this part of the program. I believe this is well understood by the leaders of the Western European nations and I for one believe that because it is so urgently necessary we shall see a real achievement in this respect.

You point out that, "Anticommunistic governments are now safely entrenched in the area in question and have the ability, with such military aid as may be given them under the Atlantic Pact, to make it tough for a potential aggressor." I submit that the main reason why this is so today is the improvement in economic conditions which has been brought about by the European recovery program. I think you will agree that without this improvement the condition you describe would not exist today. It seems to me that it follows inevitably that economic deterioration due to a failure to continue an adequate recovery program would soon reverse the trend. Under such circumstances, even with continued military aid, I should doubt that we would find the anti-Communist governments very safely entrenched. I believe that in turning back the tide of communism the European peoples have demonstrated two things: first, that they do prize their liberties enough to work and fight for them, and second, that the stamina to make this major effort depends on the hope of tolerable and improving economic conditions. The economic prospects of Europe are not yet firmly enough based to survive the withdrawal of U.S. aid, nor an overdrastic cut in our support.

I think your statement that "we have assumed at least a moral obligation to continue the ECA program through fiscal 1952" needs some qualification. Our assumption of any obligations was contingent upon the participating countries performing their part of the bargain. So long as they do so and we see a reasonable prospect of success in the program, I do feel we have a moral obligation to continue. My view is that we must be able to continue to justify our participation as being in the interest of the United States and of a stable and peaceful world or we have no obligation. I may say that I presently think the continuation of the program can be abundantly justified on these grounds.

I note that you are disposed to recommend that ECA make no more loans and that we refer those who wish to borrow to the World Bank or to the Export-Import Bank. I should like to state that we have in fact

constantly followed the policy of considering whether or not in any given situation a loan from these banks instead of an ECA loan was feasible. The problem is, however, that there are certain dollar expenditures of some of the participating countries which are essential to their recovery but which cannot properly be covered by bank loans. I think you will find that the banks in question are in full agreement on this point. In these cases, however, the National Advisory Council has determined that the countries in question will be able to repay loans and, therefore, it is not necessary for ECA to furnish assistance on a grant basis. It seems to me better to obtain from these countries an obligation to repay than it is to give them the dollars without any repayment provision. If the problem were not handled in this way and in view of the fact that the necessary dollars could not be obtained from the banks, the result would be that certain countries would be short of dollars required for recovery purposes and thus the program would be threatened in these countries. I do not agree, therefore, that cutting out of ECA loans, even though these are a relatively small proportion of the total of recovery funds, would be a practicable way of curtailing ECA expenditures.

I quite agree that the British war debts constitute a very difficult problem. Both ECA and the Government of Great Britain are concerned with the so-called unrequited exports from Great Britain involved in this situation. As you correctly pointed out, the tendency is for British goods to move into certain parts of the world in payment for debts owed by Great Britain to these areas and as a result there is less incentive to the British exporter or manufacturer to compete in the tougher dollar market. I have, as you know, laid great stress on the importance of giving incentives and removing obstacles to greater sales in the dollar market and we do not propose to relax our efforts to deal with any situation which has a bearing on this problem.

I apologize to you for the length of this communication but you have raised such important and basic questions in your letter that they cannot be dealt with adequately in a few sentences. I should welcome very much the opportunity to discuss with you even more fully any of these points for it is vital that there be a real analysis of them and a thorough understanding as between the legislative and the executive branches of our Government concerning the objectives and requirements of the European recovery program for the coming year.

With kind regards.

Sincerely yours,

PAUL G. HOFFMAN,  
Administrator.

Mr. ROBERTSON. I replied to that letter in a letter of December 19, 1949, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON BANK-  
ING AND CURRENCY,

Lexington, Va., December 19, 1949.

Hon. PAUL G. HOFFMAN,

Administrator, Economic Cooperation Ad-  
ministration, Washington, D.C.

DEAR PAUL: Your letter of the 13th is intensely interesting to me. You need make no apology whatever for its length, because I know you realize that no Member of the Congress is more deeply interested than I in our whole program of international co-operation or more earnestly striving to get the type of information so essential for sound and wise conclusions. Even with the best efforts I can put forth in that behalf, I constantly feel the need, as expressed by

Benjamin Franklin to the Philadelphia Constitutional Convention, for "the Father of Light to illuminate our understanding."

I am happy to learn from your letter that you and I are still in substantial agreement concerning the ECA program. Long ago I gave up any hope of comprehending the magnitude of a billion dollars and sometimes wonder if I really understand what even a million dollars means since it is so far beyond my personal transactions and experience. Consequently I take the position if one man says that the future foreign job can be done for \$2½ billion and another says it should be \$3 billion that neither is in position to be categorical about the exact amount. In dealing with sums beyond our finite grasp we can merely make guesses on the basis of the best available information. Therefore, I hasten to assure you that I shall keep an open mind on the exact amount of the next ECA appropriation bill and shall closely follow the detailed information to be presented to our committee by your organization at that time, with full realization of the fact that no Member of the Congress spending 2 or 3 days in 12 ECA countries can come home with as much reliable information as you are able to present.

In my opinion, Mrs. Anna O'Hara McCormick of the New York Times is one of the best political commentators of the Nation. In a recent article on this subject, she took me gently to task for saying in my letter to you that Western Europe is more dependent upon economic integration than upon further dollar aid. The first letter that I prepared to send to you, written on the boat as we were returning from Europe, was twice as long as the second one which was mailed from New York. I frankly felt the second letter was too long to send to a man so busy as you, but in an effort to condense my views I made some sacrifice of clarity to brevity. I thought in other paragraphs that I had made it plain that our own self-interest as well as a moral obligation conditioned, of course, upon mutual performance required us to continue the program for the promised period. In the reference to economic integration and currency convertibility, which is a part of the mutual agreement, I merely sought to convey my personal impression that that type of self-help on the part of the Western Europeans was more important than a continuation of dollar aid in the present volume and that without it I did not see how any amount of dollar aid whatever would ever put Western Europe on a permanent self-supporting basis.

I went to Europe with the background of not only thousands of pages of testimony we had taken on the subject of ECA but with a previous experience of 10 years on the Ways and Means Committee of the House, during which I had made an eager and painstaking study of tariffs and international trade as well as our domestic tax structure. I went to Europe, therefore, knowing exactly the type of information I desired and was frankly flattered when other members of our party told me after each country we had visited that apparently I had been able to secure more information concerning economic conditions in the country visited than had they. In the course of my travels I asked pointed and searching questions not only of officials in our Government and officials of the country visited but of all the American and foreign businessmen I could reach. As indicated in my letter to you, I found the small countries are eager for freer trade in Western Europe but was frankly discouraged by what I found in France and Great Britain, without whose active cooperation the program cannot be a success. However, in the words of Robert Louis Stevenson, "I shall



travel hopefully" with what you say in the second paragraph of page 3 concerning the success of that part of our program.

I also agree, with respect to Italy and France, with what you say in the following paragraph about the continuing danger of communism. But a great Greek fable writer wrote a story about a boy who cried wolf once too often, which I would like the present generation of Frenchmen to re-read. I do not know what the official figures show but I was told in Paris that we are now putting up one-half of what the French Government is spending. If that be true and the statement is accompanied with a detailed analysis of what the French Government is spending on socialistic schemes instead of a rearmament program, it will be an issue next year a bit tough for the friends of the program to defend.

I am prepared to accept all that you say in the third paragraph on page 4 concerning loans, since the total thereof as you explained to me over the telephone in Washington is far less than I thought. I am also reassured to hear you say that your present loan program has the approval of the World Bank and the Export-Import Bank. I did not get the information from McCloy in Germany but did gather the impression from another responsible person in Europe that officials of the World Bank feel that 2½ percent ECA loans are making it tough for the World Bank to place loans at a much higher interest rate.

Since writing you the letter mentioning British war debts to India, Pakistan, Egypt, and so forth, totaling perhaps \$3 billion, I heard a radio program in which the refunding of those debts is listed as a "must" for permanent British recovery. It, naturally, pleased me to have that information for it confirmed the information I had gotten on that subject in London.

As the late Dr. Alderman used to say, "I covet an opportunity" to more fully discuss these matters with you when I get back to Washington in January. In the meantime, I send you heartfelt wishes for a happy Christmas season and may a kind and gracious Providence give you the wisdom to continue to lead us along the highroad to peace with the strength to be patient with those less informed than you but who, nevertheless, seek to contribute to the success of the undertaking.

Faithfully yours,

A. WILLIS ROBERTSON.

Mr. ROBERTSON. Mr. President, on December 16, 1949, I addressed the student body of Washington and Lee University on this same subject, recounting how Senator STENNIS and I and others had visited Europe, that we had seen great cathedrals, but how they were all empty, and that the people there were not worshipping God any more, and that we had seen how our money was going down the rathole of socialistic schemes. I stated that we would not get any return on our lavish foreign aid expenditures unless we insisted that those funds be spent under a system of private enterprise, such as we had—which has not been done, and it is not going to be done in Latin America.

I ask unanimous consent to have printed in the RECORD at this point the speech I made at Washington and Lee University, Lexington, Va., on December 16, 1949.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR A. WILLIS ROBERTSON  
BEFORE THE STUDENT BODY OF WASHINGTON  
AND LEE UNIVERSITY, LEXINGTON, VA., AT  
TAP DAY CEREMONY OF ODK, FRIDAY, DE-  
CEMBER 16, 1949

Even in ruins, the monuments of ancient Greece and Rome are great but the visitor familiar with his ancient history knows that they are the products of slave labor, working under the lash of cruel taskmasters. When ancient Athens had a population of 1 million, 700,000 of them were slaves. As one Greek explained to me, on a recent visit to Athens, those slaves furnished the horsepower for the erection of the massive marble columns of the Parthenon and the Temple of Jupiter. History tells us that at one time every Roman Senator had a minimum of 400 slaves, the lives of whom had no value except at the caprice of the master.

It was the Christian religion, first brought to Rome by St. Peter and St. Paul, that eventually changed man's conception of human dignity and human rights. While in Rome this fall I visited the dungeon in which Peter and Paul had been imprisoned, the great cathedrals which bear their names and the picture galleries which reflect the sufferings of the early church. In Athens I visited Mars' Hill, where Paul addressed the men of Athens, and in Switzerland the dungeon of the Castle of Chillon, where Bonniard was in prison for 6 long years because of his religious faith. As I stood before the bust of Lord Tennyson in Westminster Abbey, I recall that he had said, "We are the heirs of all the ages." The greatest thing that the British inherited from those ages is the Christian religion, on the basis of which we formulated our democratic institutions.

Communism cannot win in the world until the Christian religion has been destroyed—and that is one of the major objectives of the Soviet Politburo. In Europe are the largest and most beautiful cathedrals in the world, but they were virtually deserted. Consequently in our interview with Pope Pius, whose leadership of the Catholics of the world against communism is a major contribution to the present security of the world, I said that if the 600 million who profess Christianity would unite and become activated with the same zeal for their cause that motivates the 800 million or more Communists of the world we should have no difficulty in winning. With that Pope Pius agreed.

While I was in London the University of London conferred an honorary degree upon our Ambassador and my personal friend, Mr. Lewis W. Douglas. In presenting that degree the chancellor of the University of London referred to the material and spiritual forces which make up our world, to the fact that the University of London has always stressed the humanities and the social sciences and he said it did not intend to yield to the current pressure for emphasis upon the physical sciences.

One has to visit the war-torn areas of Europe to adequately appreciate the physical damage that was done. Those familiar with those areas told me that the Marshall plan aid worked a miracle in their restoration. Europe would not have won the war against communism without that aid and the aid was more than physical. It gave to the war-weary and depressed people of Europe a new hope. But apparently the political leaders of Europe are not giving it what it needs as much as dollar aid, namely spiritual leadership and a rebirth of the zeal and the courage of those early Christian leaders who were willing to die for their faith.

The people of Great Britain will fight for their freedom and so will those of the Scan-

dinavian countries. My personal belief is that the divine spark of freedom still burns in the heart of the average Frenchman, but, with 182 Communists in the French Parliament and with the labor unions of France dominated by Communists, the picture there is far from clear.

Since the war we have spent through UNRA, surplus military supplies, military relief in occupied areas and the Marshall plan over \$22 billion in our program of international cooperation. Industrial production in all Marshall aid countries, except Germany and Greece, is now above the prewar level while the acute need for food, clothing, and shelter has been met. Under these circumstances, I am satisfied that next year we can make a substantial reduction in our ECA appropriations and end the program in 1952.

While our Nation is blessed with vast natural resources and a large area of free trade, our world supremacy in productive capacity is not due to those two factors alone, and neither will those two factors be enough to maintain it. We excel in world production primarily because under our system of private enterprise we give the greatest incentive to the individual to produce. There is not a faint resemblance to that system anywhere in Western Europe or for that matter in the world. Each of the 14 countries we visited is socialistic to a greater or less degree. They do not have our standard of living now and the socialistic program will never produce it for them.

I had no opportunity, of course, to observe what communism had done to the countries behind the Iron Curtain, but all the evidence we could get on that subject led us to the belief that the standard of living in all Communist countries is below that of Western Europe.

But from our standpoint, the standard of living in Europe is bad enough and I returned home with the firm conviction to make the best fight of which I am capable to preserve American constitutional freedom and the American standard of living, based upon a system of competitive enterprise. The socialistic governments in Europe with our aid are trying to give the people what the government cannot afford to give and for which the people are not paying. The closest approach to paying is in Great Britain, the heaviest taxed country in the world outside of Russia. And yet, since the war, the Labor government has received dollar aid from the United States and Canada in the sum of \$7 billion. As John T. Flynn, in his recent book, "The Road Ahead," says, "Socialism did not come to Great Britain by that name," and those who are trying to bring it to us have not so labeled it. With the exception of the liquor and tobacco monopolies in Italy, every nation in Europe is operating the enterprises owned by the government at a loss, or a profit that is nominal. Yet there are those in this country who would like for us to take over the utilities, the communications systems, the transportation systems, the coal mines, etc. And a bill was introduced in the House last year at the urgent request of the administration to authorize the appropriation of a vast sum of money to put our Government into the steel business.

Our salvation, as well as that of the remainder of the world, is for us to remain financially solvent. To do that the next session of the Congress must drastically curtail the spending program and make every effort to balance the budget, and it must likewise stoutly resist those bills, such as the civil rights bills, which all impartial lawyers recognize as being unconstitutional.

As a Member of the Senate I have been put on notice that, as soon as we meet,



there will be brought up for action the pending FEPC bill, which is unconstitutional, economically and socially unsound and smells to high heaven of political demagoguery.

We are living in a new world and it presents a challenge to the new generation. I give thanks for a school like Washington and Lee, which still trains young men in the humanities and the social sciences. They leave its sacred walls imbued with the spirit of Robert E. Lee, who taught the youth of the South after it had felt the iron heel of war, that if their fair Southland was to be re-built in a manner in which it could achieve its manifest destiny, it must be on the fundamental principle that duty is the sublimest word in the English language. No one knows how long the cold war will last or what it will cost. Those who passed on to us constitutional freedom and private enterprise sacrificed to do so. The cold war is a challenge to our democratic institutions and if we be unwilling to sacrifice to preserve them they could be lost forever.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. ERVIN. The Senator from Virginia made an allusion to the Secretary of State's suggestion that there should be social justice.

Mr. ROBERTSON. That is correct.

Mr. ERVIN. The record shows that the United States has been extending aid to Central American countries, under a similar plan, since 1954. Is that correct?

Mr. ROBERTSON. That is correct.

Mr. ERVIN. The owners of large coffee plantations in Central American countries pay taxes on their property at a rate of 30 cents for each \$100 evaluation, and they pay no income tax whatsoever. In view of the fact that the average American pays taxes upon his property at a rate of approximately \$2.25 for each \$100 of the value of his property, and in addition to that, pays to the Federal Government a tax upon his income at a rate of from 20 percent to 91 percent of his net income, and in view of the fact that the average American taxpayer in most cases also pays a substantial amount of income tax to the State in which he lives, does not the Senator from Virginia think that somebody ought to be concerned about the social injustice of taxing American citizens in such an exorbitant fashion as that for the purpose of giving the money they pay in taxes away to people who refuse to tax themselves?

Mr. ROBERTSON. Absolutely. There is a great misconception about the word "equal." The word "equal" never has meant that everybody should have equal wealth. The word "equal" has never meant that everybody is equal in character, mentality, and energy. Social justice should mean only the opportunity, as George Mason said in our Declaration of Rights, of a man to acquire and possess property. And if people do not work for it, if they do not have our private-incentive system, they will never achieve the standard of living we have achieved. And anybody who tries to equate social justice with an equal standard of living is trying to do what never has been done and what never will be done.

# MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7851) making appropriations for the Department of Defense for the fiscal year ending June 30, 1962, and for other purposes; that the House receded from its disagreement to the amendments of the Senate numbered 26, 41, 54, 64, and 65 to the bill, and concurred therein, and that the House receded from its disagreement to the amendments of the Senate numbered 69, 71, 74, and 75 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

## REORGANIZATION PLAN NO. 7, RELATING TO THE FEDERAL MARITIME BOARD

Mr. SCHOEPEL. Mr. President, I move that the Committee on Government Operations be discharged from further consideration of Senate Resolution 186, covering Reorganization Plan No. 7, relating to the Federal Maritime Board.

The PRESIDING OFFICER. The question is on the motion of the Senator from Kansas.

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Must not the Senator who makes such a motion state that he supports the resolution?

The PRESIDING OFFICER. The rules so require. Does the Senator from Kansas support the resolution?

Mr. SCHOEPEL. Yes.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Under the procedures by which it is proposed to consider the resolution, as I understand, there is to be an allocation of 1 hour of time, to be equally divided between the proponents and the opponents.

The PRESIDING OFFICER. Will the Senator from Montana permit the Chair to state the question?

The question is on the motion of the Senator from Kansas to discharge the Committee on Government Operations from further consideration of Senate Resolution 186, the subject of which is Reorganization Plan No. 7, relating to the Federal Maritime Board. The time will be equally divided between those favoring and those opposing the resolution, and it is proposed that debate thereon will be limited, to not to exceed 1 hour.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be allocated so that 30 minutes will be under the control of the Senator from Kansas [Mr. SCHOEPEL], and 30 minutes under the control of the chairman

of the Committee on Government Operations, the Senator from Arkansas [Mr. McCLELLAN].

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCLELLAN. Mr. President—

The PRESIDING OFFICER. How much time does the Senator from Arkansas yield to himself?

Mr. McCLELLAN. Three minutes.

The procedure now being followed is a special procedure, and not the general rule of the Senate. This is a procedure that is prescribed when a reorganization plan is submitted, and the committee to which the reorganization plan is referred fails to take action on a resolution of disapproval that may have been referred to that committee.

So I felt that in view of the special procedure that is now being undertaken, I, on behalf of the committee, should make a brief statement for the RECORD, so that all Senators will understand why this course of action is being pursued.

Reorganization Plans Nos. 6 and 7, providing for reorganizations of the Federal Home Loan Bank Board and of the Maritime functions of the Federal Government, respectively, were submitted to the Congress on June 12, 1961, and referred to the Committees on Government Operations.

Resolutions of disapproval were filed in the House on June 12 and 13—House Resolution 335 and 337 on plan No. 6 and House Resolutions 336 and 338 on plan No. 7. Hearings on the plans were held before a subcommittee of the House Committee on Government Operations on June 27, and the full Committee voted to table the resolutions of disapproval on July 14, 1961.

Extensive hearings were also held before the House Committee on Merchant Marine and Fisheries on plan No. 7 on July 11, 12, and 13, 1961. An executive session was also held on July 18.

Under the procedure prescribed by the provisions of the Reorganization Act, motions to discharge the committee and to call up the resolutions—House Resolution 336, providing for the disapproval of plan No. 7, and House Resolution 335, providing for the disapproval of plan No. 6—for floor action were defeated in the House on July 20 and August 3, 1961, respectively. These actions were tantamount to approval of both plans by the House of Representatives.

As chairman of the Senate Committee on Government Operations, I requested the respective chairmen of the committees having legislative oversight jurisdiction over plans No. 6—the Senate Committee on Banking and Currency—and No. 7—the Committee on Commerce—to submit their views and recommendations on the plans.

I understand the Senate Committee on Commerce held hearings on plan No. 7 on July 19, and, at an executive session held on August 1, 1961, failed to reach an agreement as to what specific recommendations should be made to the Committee on Government Operations.



The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McCLELLAN. Mr. President, I yield myself an additional 3 minutes.

I have since received letters from the chairman, submitting the views of eight members of the Committee on Commerce. The chairman informed me that a majority of the committee favored the plan.

A letter was received by me as chairman of the committee from Senator JOHN SPARKMAN, chairman of the Subcommittee on Banking and Currency which considered a similar request made to that committee, favoring plan No. 6.

Senate Resolution 186, disapproving plan No. 7, was filed in the Senate on July 28, 1961, by the Senator from Maryland [Mr. BUTLER]. Senate Resolutions 187 and 188, disapproving plan No. 6, were filed on July 28 and July 31 by Senators DIRKSEN and CAPEHART, respectively. The one by Senator DIRKSEN 13 days ago, and the one by Senator CAPEHART only 10 days ago. All three of these resolutions were referred to the Committee on Government Operations.

The committee has had no requests for hearings on either of these resolutions. No communications have been received expressing opposition to either plan No. 6 or No. 7 except one wire from Mr. Everett T. Winter, ex-vice president of Mississippi Valley Association, against plan No. 7 and one other letter from the Maritime Audit Service. Three savings and loan organizations have, however, expressed an interest in plan No. 6, relating to the Federal Home Loan Bank Board, indicating that it would, in their view, improve the administration of the Board, if permitted to go into effect.

Inasmuch as hearings have been held on both of these plans by House committees and on Plan No. 7 by the Senate Commerce Committee, and resolutions of disapproval were filed in the Senate on the dates I have stated, and only 14 days prior to the date the plans will become effective—August 11, 1961—unless disapproved by the Senate, it is my view that there has not been either sufficient time or the necessity for the Committee on Government Operations to hold hearings and this duplicate the hearings held by other committees, nor is there sufficient time left to prepare and submit adequate reports to the Senate.

I point out those circumstances so that the Senate may know that the Committee on Government Operations actually has not had the time to hold hearings in order to process properly the resolutions of disapproval.

Subsequent to the filing of the resolutions, the Committee on Government Operations had no requests to hold hearings on the resolutions. The procedure today is in accordance with the Reorganization Act. If the committee takes no action, it is proper procedure for any Senator favoring the resolution to move to discharge the committee and to have a vote. Therefore, I say there is no serious objection on the part of the committee to being discharged from further consideration of the resolution but I wanted the Record to show that the reason the committee has not taken action is that there was actually no request for

it, and because the resolution of disapproval was filed so late that we have not had fair opportunity to do so.

Mr. President, I yield 4 minutes to the Senator from Alaska.

Mr. BARTLETT. Mr. President, I support Reorganization Plan No. 7 relating to Maritime and, consequently, oppose the resolution of disapproval. Basically at issue is that part of the plan which proposes to vest in the Secretary of Commerce the authority for promotion of the American merchant marine as embodied in the Merchant Marine Act of 1936. There appears to be substantial agreement that the separation of the functions—administrative from quasi-judicial—is desirable for better fulfillment of each. From this point it has been argued that since Congress can only accept or reject these plans it is the higher course of wisdom to take the bitter with the sweet and accept the new promotional structure.

It is my judgment that this argument overlooks the affirmative virtues of the plan before the Senate today. This was no hastily drafted or ill-thought-out product; it is perhaps the most carefully considered of all the plans submitted because it makes structural changes in an unusually sensitive field. The maritime industry and the agencies regulating it occupy positions where an atmosphere of public confidence is of the utmost importance. There is a virtual partnership, frequently subjected to sharp criticism, but essential if the merchant marine is to fulfill its vital mission in both peacetime commerce and strategic emergency.

As I understand it, the initiative for defeating this plan comes from the merchant marine industry itself because of the fear that their substantial investments will be at the mercies of an arbitrary Secretary of Commerce. As the Senator from a noncontiguous State 99 percent dependent on service from an American merchant marine, no one realizes better than I do the need for protection and development of our privately owned ocean carriers. Primary assistance must be given to those long-term, responsible operators that will provide essential services despite the economic cycles common to trade by the seas. I would be as fearful as the industry if I thought that whim rather than fact, politics rather than principle, were to control the future course of their companies.

It is my firm belief that these fears are exaggerated. The Secretary of Commerce will have the affirmative function to promote the American merchant marine. And this is a measurable responsibility with reliable guides and standards developed over a period of time. Six, eight, twelve, or fourteen months from now Congress can evaluate how successful he has been—and Congress will be vigilant in this respect just as we have been a little negligent in the past. It can be determined readily whether the assigned function is being fulfilled—the Secretary is aware of this as well as the industry.

Moreover, one can hardly imagine a more forceful and powerful ally for this essential field than the Secretary of

Commerce. Never before has this industry enjoyed a voice in the highest council of our Government, the Cabinet. Under this plan, they will have this representation. And far from him being a hostile spokesman, it has been the inevitable course of our administrative agencies for the sword to become a shield. Beginning with the ICC 80 years ago, the agencies always become the staunchest supporters and friend of the industry that originally imagined its death knell was sounding.

There is still another protection for the legitimate aims and investments in our merchant marine. In each case where a hearing is required or a hearing provided, the parties are entitled to and will receive all the guarantees of the Administrative Procedure Act. This act applies in every case unless specifically excepted—in the case of Reorganization Plan No. 7, there are no exceptions. As my colleagues know, these guarantees include appeal to the courts where abuse of discretion or arbitrariness can be corrected as in the case of other agencies.

The only argument advanced in opposition to plan No. 7 is that one man will now have the decisionmaking function previously exercised by a board of three. This appears to rest more on form than substance; however, to allay these fears the Secretary has agreed that the initial decision in subsidy matters should be made by the Maritime Administrator and his two top lieutenants. If he so chooses to exercise his authority it is an acceptable method. However, in the drafting of this plan extensive consideration was given to the problems of the past—mainly administrative delays and public distrusts of the exercise of the promotional functions. Many of us in this chamber have at one time or another been sharply critical of the agency for deviations in these two particulars. And I believe this plan provides the mechanism for overcoming these shortcomings. When responsibility is diffused over a board of three—rather than centered in one man—there is the power to obstruct and delay. As we have experienced in the past, each points over his shoulder at the other but no decision ever appears. Finally, when one man is isolated with the decision-making power he is placed in a veritable glass cage where everyone can watch. He must of necessity place himself above suspicion of a decision influenced by ex parte representations or other communication. He can least afford the possibility of public distrust when he is above all the Secretary of Commerce.

Mr. President, far from this being a plan that is "livable" I believe it one that deserves the full support and cooperation of the Congress and the industry. It has been carefully designed to correct the failures of the old organization and prepare the groundwork for a more successful fulfillment of the ideals of the Merchant Marine Act, 1936. I hope that on closer examination all of my colleagues will find as I do that Reorganization Plan No. 7 deserves support.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that I may make a parliamentary inquiry without the time being charged to either side



private shipyards, not the Government-owned facilities, which fundamentally serve the economic well-being of the Nation. A free market economy, composed of privately-owned facilities, produces taxes while public enterprise consumes taxes. It is the private plus naval shipyard complex, properly and equitably utilized, which supports the material readiness of the naval fleet and maintains the American tradition of victory at sea.

Oddly enough, this complex exists half free and half nationalized, in contradiction to the free, competitive economic system we cherish and strive to nourish. Oddly enough, we have the anomaly of nationalized industrial activity competing with private industry. If seminationization is good for naval purposes, why, then, aren't all other industries furnishing weapons, aircraft, and other military materiel similarly nationalized? A report of the House of Representatives, Committee on Government Operations, dated July 21, 1954, gives a reasonable answer to that question:

"If Government competition with private enterprise were pushed to its logical conclusion, the Government would ultimately destroy its source of income—commit national economic suicide."

There is nothing sacrosanct about the Government-owned, Government-operated shipyards. They possess no vested rights. The naval shipyards duplicate all that the private shipyards can do. Or, said differently, the private yards can do all that the naval shipyards can do where ship building, ship repairing, ship alterations, and ship conversions are concerned. There is no basic prohibition to a greater utilization of private shipyard facilities. More realistic practices would better serve the need for economic well-being. And, thereby, the capacity of our economic system to produce the funds to pay for military defense will be strengthened.

But, what of the military role of the private shipyards? Adm. Arleigh A. Burke, the retiring Chief of Naval Operations, in defining seapower, assigns to the Nation's shipbuilding capacity an importance equal to that of weapons, armament, ships, and geography. The former Deputy Chief of Naval Operations for Logistics, Vice Adm. Ralph E. Wilson, has publicly testified that "the Navy is dependent, as heretofore, on private shipyards to assist in the activation, conversion, construction, and modernization of public and merchant shipping needed to maintain a strong posture to deter a war, to fight a war, and to assist in achieving the national objectives in peace and war." In 1959, Admiral Wilson also assured the mobilization planners that "the private ship repair industry is essential in maintaining our mobilization potential."

Sir Winston Churchill and other leaders of the free world, on more than one occasion, have paid tribute to the American shipbuilding and production genius which made it possible for the Allies in the 1941-44 period to balance "current losses with new ships," and eventually to "replace all our earlier losses." That shipbuilding and production genius, I do not have to remind this distinguished committee, was provided by both the private and naval shipyards of the United States—but, in far greater measure, by the private shipyards.

High naval authorities attest to, and the path of history has proven, the essentiality of the private shipyards to the Nation's mobilization potential. But, idle capacity in the private yards—and there is considerable today—is hardly contributing to economic health, let alone to national security.

Compare this fact, if you will, with the situation in the Government yards. To support a fleet of 10,000 vessels in the last World War, 11 naval shipyards were required. Today, 16 years after the end of World War II, to support a fleet of 817 naval

ships, the same 11 naval shipyards remain at relatively high levels of employment. In the last 15 years, more than 20 private yards on all coasts have gone out of business because of a lack of work, and most of the remaining yards are operating at far less than normal capacities. Curiously, in that period, not one naval shipyard has been obliged to shut down, and predetermined employment levels in these shipyards are maintained through the assignment of work with little reference to the ultimate cost of the Government, effect upon our economic base, or availability of privately owned, tax-producing facilities.

Today, as was illustrated by the charts submitted earlier in these hearings, there are, in terms of Navy shipwork, twice as many people employed in the naval shipyards as in the private yards. The figures, as Admiral James gave them, are roughly 97,000 people in the naval shipyards and about 48,000 in the private yards. A correlation of these figures indicates that in World War II, under peak circumstances, the naval shipyards required 34 men per ship, but now nearly 120 men per ship are needed. One more comparison is striking. In the great Port of New York, the Brooklyn Navy yard now employs close to 13,000 people, but employment in all of the privately owned shipyard facilities totals only 2,350.

In the last analysis, a congressional committee is the "board of directors" of a national government business enterprise. The taxpayers—the stockholders if you will—have every reason to expect that their funds will be spent wisely and effectively. The naval fleet is confronted with the problem of bloc obsolescence, and more money for new ships is badly needed. It is for you, as members of the "board of directors," to decide whether or not there is too much, non-tax-generating capacity in the naval shipyards, and whether or not this country should proceed farther along the road to nationalized industries. It is for you, as members of the "board of directors," to decide whether or not in the national interest the naval shipyards are overutilized and the private yards underutilized. We firmly believe the naval shipyards to be overutilized and the private yards underutilized.

The private shipbuilding and ship repairing industry has not, and does not now, advocate the elimination of naval shipyards. Adoption of the Constitution put the Government in the business of minting money and running the postal service. And it is conceded that even within the framework of a free, competitive economic system, government and private industry must engage in certain partnerships with precise limitations for the public good. President Kennedy puts it this way: "Working together, business and Government must do better—putting people back to work, using plants to capacity and spurring savings and investments with at least a large part of our economic gains—beginning not when our economy is back at the top, but beginning now."

Private and naval shipyards can and do work together harmoniously and efficiently. They complement each other, provided means are taken to insure to each its due relative precedence and weight in the determination of practical questions. To this end, a realistic decrease in employment and work levels in the naval shipyards is advocated. Every dollar of ship procurement contracts awarded to private industry instead of Government-owned, Government-operated facilities travels a greater distance in supporting our economic and defense structure. We believe the naval shipyards to be overutilized, and we believe an opportunity to get more mileage out of appropriated dollars for the construction, repair, alteration and conversion of naval vessels through a greater utilization of private shipyard facilities is being overlooked.

## REORGANIZATION PLAN NO. 7, RELATING TO THE FEDERAL MARITIME BOARD

The Senate resumed the consideration of the resolution (S. Res. 186) covering Reorganization Plan No. 7, relating to the Federal Maritime Board.

Mr. McCLELLAN. Mr. President, does the minority leader have any further requests for time to discuss the reorganization plan?

Mr. DIRKSEN. I have no further requests for time on this side of the aisle.

Mr. McCLELLAN. The Senator from Florida has requested some time. I yield to him as much time as he may desire.

Mr. HOLLAND. I thank the Senator from Arkansas.

Mr. President, I thoroughly agree with the policy of the reorganization plan in dividing into two appropriate portions the duties of the present Maritime Board. I think the regulatory duties should be in one place, and the other duties in another place. However, I do not believe it is sound government or that it is anything which the Senate would wish to approve to place in the control of any one man—I do not care how good a man he is—the authority for the expenditure of the vast sums of money which are included in the two subsidies which would be handled by the Maritime Administrator under the provisions of the plan. The amounts of those subsidies for this year alone are \$98 million for the construction differential subsidy and \$182 million for operating differential subsidies, a total of \$280 million—more than a quarter of a billion dollars.

Lest there be some misunderstanding, I wish to make it very plain that I have complete and unlimited confidence in the present Secretary of Commerce.

He is one of the finest men in government. He made a superb Governor of North Carolina, which is one of the finest and best governed States. I applauded heartily when he was named to the secretaryship of the Department of Commerce. I handle the appropriations for that Department in the subcommittee of which I have the responsibility to serve as chairman. Our relations are most cordial. I reiterate that I have complete and unlimited confidence in his probity, his integrity, and his sound judgment. As a matter of fact, there are few other persons in Government whom I put on a par with him, so far as fine judgment and decency are concerned.

However, I do not believe it is sound Government to apportion or allot to any one public servant, particularly to an appointive public servant, one who may be changed from time to time, and in this instance one who, I regret to say, will not be Secretary of Commerce indefinitely or permanently—I wish he would be, and I wish we had the assurance that such a good man would be Secretary of Commerce always—it is not sound government to place in one public servant, who is an appointive political servant, and necessarily in one political party, the right to control the expenditure of so much public money. I do not care how much affection we may have



for Secretary Hodges—and there is no Senator whose affection for him surpasses mine—it is not doing a kind thing to him, and certainly it is not doing a good thing in Government, to give to him the responsibility of the apportionment of contracts among serious competitors, who are fighting all the time to see who will build the new, modern ships, and how much money they will get from the Federal Government to subsidize the payment for those ships, and who will get the money in the form of subsidies for the routes which are travelled by those ships.

I do not think it is sound Government to give to one man the apportionment of all that money; and I think it is sure to lead to difficulties on the part of the Administrator, and to doubts and suspicions on the part of the general public. So I think it is not the right thing to do.

Mr. President, let me compare and contrast this situation with what happened in regard to the Civil Aeronautics Board. The Civil Aeronautics Board handles substantially smaller sums of money than these, in providing for the subsidization of our commercial air carriers. But in the case of the Civil Aeronautics Board we require not only that there be a board to handle those sums; we also require that the Board be bipartisan. We insist that not more than a simple majority of the Board can be composed of persons who belong to the same political party. I think that is sounder Government and will bring satisfactory results. I believe that no matter how exemplary the individual concerned may be, we set a wrong precedent when we give to one person, no matter how exemplary he may be—and certainly there is no better man in our Government than the present Secretary of Commerce—the right to apportion, hand out, and distribute \$280 million of Federal funds to highly competitive industries which are fighting for business in connection with the construction of ships, in the course of 1 year.

Mr. President, 1 year involves only a part of the effort, only a bit of the time. The principle runs much longer. It may run much past the time of the service of the present Secretary of Commerce. But regardless of that, and despite the fact that I have the greatest respect, as he well knows, for the able chairman of the Senate committee, who, I understand, holds a contrary view, I wish to say that I do not think we would be practicing sound Government to approve a reorganization plan which would take the handling of this matter away from a bipartisan board, and, instead, would give it to one appointive political servant of our country, no matter how fine he may be.

For that reason, I shall vote against this reorganization plan, despite the fact that I think it is sound in at least one of its proposals; namely, separating one of the regulatory functions from the other. I think that would be a wise approach to this program. I am very sorry that we cannot vote for parts of this program without voting for all of them, and I am sorry that it is not subject to amendment.

I believe the legislative committee can do a much better job in handling this program than the one which would be done by means of this reorganization plan. I do not believe that any Senator who considers this matter seriously will feel that it is sound government to turn over to one appointive political servant the expenditure of more than one-quarter of a billion dollars of Federal funds in 1 year, in distributing that amount among the highly competitive industries—all highly suspicious of each other—that are covered by the operations of this board.

So, Mr. President, I shall vote against approval of the reorganization plan.

Mr. McCLELLAN. Mr. President, let me ask whether Senators on the other side wish to use any further time.

Mr. SCHOEPEL. I think not.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kansas will state it.

Mr. SCHOEPEL. Have the yeas and nays been ordered on the question of agreeing to the resolution of disapproval of the reorganization plan?

The PRESIDING OFFICER. Yes, the yeas and nays have been ordered.

Mr. McCLELLAN. Mr. President, I have no other requests for time, from Senators on this side.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. On this question, a vote "yea," will be in disapproval of the reorganization plan; and a vote "nay" will be in approval of the reorganization plan. Is that correct?

The PRESIDING OFFICER. That is correct. A "yea" vote will be in disapproval of the reorganization plan.

Mr. DIRKSEN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is all remaining time yielded back?

Mr. DIRKSEN. Mr. President, I yield back all remaining time under my control.

Mr. McCLELLAN. Mr. President, I yield back the remainder of the time available to those in opposition.

The PRESIDING OFFICER. All remaining time on this question has been yielded back.

The question is on agreeing to the resolution of disapproval of Reorganization Plan No. 7. On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Maryland would vote "yea."

On this vote, the Senator from Missouri [Mr. SYMINGTON] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Missouri would vote "nay," and the Senator from Kansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] is absent on official business.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Missouri would vote "nay."

The result was announced—yeas 35, nays 60, as follows:

[No. 133]

YEAS—35

Allott	Curtis	Morton
Beall	Dirksen	Mundt
Bennett	Dworshak	Prouty
Boggs	Goldwater	Robertson
Bridges	Hickenlooper	Saltonstall
Bush	Holland	Schoepfel
Byrd, Va.	Hruska	Scott
Capehart	Javits	Smith, Maine
Case, N.J.	Keating	Tower
Case, S. Dak.	Kuchel	Wiley
Cooper	Long, La.	Young, N. Dak.
Cotton	Miller	

NAYS—60

Aiken	Hartke	Monroney
Anderson	Hayden	Morse
Bartlett	Hickey	Moss
Bible	Hill	Muskie
Burdick	Humphrey	Neuberger
Byrd, W. Va.	Jackson	Pastore
Cannon	Johnston	Pell
Carroll	Jordan	Proxmire
Church	Kefauver	Randolph
Clark	Kerr	Russell
Dodd	Lausche	Smathers
Douglas	Long, Mo.	Smith, Mass.
Eastland	Long, Hawaii	Sparkman
Ellender	Magnuson	Stennis
Engle	Mansfield	Talmadge
Ervin	McCarthy	Thurmond
Fong	McClellan	Williams, N.J.
Gore	McGee	Williams, Del.
Gruening	McNamara	Yarborough
Hart	Metcalf	Young, Ohio

NOT VOTING—5

Butler	Chavez	Symington
Carlson	Fulbright	

So the resolution of disapproval was rejected.

#### FOREIGN ASSISTANCE ACT OF 1961

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title for the information of the Senate.



The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the four Byrd amendments be considered en bloc. I make that request with the full approval of the Senator from Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

The unanimous-consent agreement was subsequently reduced to writing, as follows:

#### UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Friday, August 11, 1961, at the conclusion of routine morning business, during the further consideration of the bill S. 1983, the Foreign Aid Act of 1961, debate on the pending amendment of the Senator from Virginia [Mr. BYRD] and all amendments thereto, or any motion or appeal, except a motion to lay on the table, shall be limited to 7 hours, to be equally divided and controlled by the mover of any such amendment or motion and Mr. FULBRIGHT: *Provided*, That in the event Mr. FULBRIGHT is in favor of the amendment or any amendment thereto or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said amendment shall be received.

#### REORGANIZATION PLAN NO. 6, RELATING TO FEDERAL HOME LOAN BANK BOARD

Mr. DIRKSEN. Mr. President, I do not see the distinguished chairman of the Committee on Government Operations in the Chamber, but I promised I would advise the Senate that with respect to Reorganization Plan No. 6, to reorganize the Federal Home Loan Bank Board, I did submit a resolution of disavowal, but I do not intend to press it. It was submitted only because of the time factor involved, to give an opportunity for some manifestation of interest by the building industry and others. There is no great interest in resisting that particular plan, and it is certainly not my intention to seek to have the resolution considered. I thought the Senate ought to be advised on that point.

#### COMMUNICATION SATELLITE

Mr. HUMPHREY. Mr. President, I wish to invite the attention of the Senate to a statement by Dr. Robert Larson, who is associated with a Minnesota firm named Midwest Technical Development Corp.

Dr. Larson is close to the electronic industry in Minnesota which, he points out, is the fourth largest in the United States and is made up of numerous small businesses. This statement was filed today with the Subcommittee on Monopoly of the Select Committee on Small Business. The Senator from Louisiana [Mr. LONG], who chairs this subcommittee, is doing a thorough and painstaking job of examining this complex subject. Much valuable information has been brought

out on the economic effects of the ownership of a communications satellite system. This knowledge will prove very valuable to the Congress in making policy decisions in this area. Dr. Larson points out that small equipment manufacturers have an interest in eventual ownership of the system as he believes that it will affect the ability of small manufacturers to participate in the program.

He also points out that the large international carriers have in-house electronic capabilities and that precautions must be taken to safeguard the right of small equipment manufacturers to bid on the manufacture of equipment for the system.

I might also add that the policy of the Congress on the subject of ownership must be formulated very carefully. The ultimate solution of outer space activities and the formulation of international law are extremely complex subjects and they are inextricably bound up in the solution of our policies for the communications satellite.

Mr. President, I ask unanimous consent that the statement be inserted in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT PREPARED FOR THE SELECT COMMITTEE ON SMALL BUSINESS OF THE U.S. SENATE, JULY 31, 1961

Mr. Chairman, I am very appreciative for the opportunity to appear before this committee to present my views on the role that can be played and the difficulties that confront small business in the procurement of electronic systems. In particular, I wish to address my comments to the proposed establishment of a communications satellite system, to the method by which it might be procured and to effect that the method of procurement might have on the possibilities of small businesses sharing in this program.

My knowledge in this area comes from my background as a director and consultant for the Midwest Technical Development Corp. This is a closed-end investment trust, located in Minneapolis, Minn. Midwest Tech's function is to supply venture capital for small, technically oriented companies with the thought that its investment will grow in value as the companies who would be classified as small have made investments in some 17 electronic companies who would be classified as small business corporations. This has given us an insight into problems which are common to all as they seek business and attempt to grow. It has given us a base from which to generalize.

In some ways, the Midwest area as it pertains to the electronic industry is, at this point in time, unique. In particular, this statement applies to the area surrounding the Twin Cities of Minneapolis and St. Paul. Starting 10 years ago from a base of one large company and several smaller ones, the Twin Cities have developed an electronic capability that is thought to be the fourth largest in the United States. By necessity, this total potential is made up, mainly, of a large number of small, electronically oriented business companies who because they have been in business but for a few years are still relatively small in size.

I have attached a list of such concerns to this statement. This list was prepared for me by the Small Business Administration regional office in Minneapolis.

As I understand it, there is under consideration, three general methods for the procurement of the Communications Satellite System. The first is that this system be built by four companies now dominating the communications field in the United States. These are A.T. & T., Western Union, I.T. & T., and RCA Communications. A second is that the work on the system be divided among a number of large companies with perhaps no more than 10 percent of the system going to any one concern. The third is that the U.S. Government act as prime contractor of the Communications Satellite System.

Under which of these alternatives would small electronic companies have the best chance of getting part of this business on a subcontract basis? Experience dictates that the chances are the least for the first alternative, and that they are improved under the second and third alternatives.

The work on the communications satellite system by 10 or more companies would mean that each of these companies would have the responsibility for the building of sections of the system. It is likely that several of these business concerns would not have the in-house capabilities for the building of the design and the building of all parts of their section of responsibility. For example, in the Twin City area, Minneapolis-Honeywell subcontracts between 50 and 80 percent of the work that they undertake. Quite naturally, if Minneapolis-Honeywell is to be a part of this program, they would turn to those small businesses adjacent to their facilities with which they have established a satisfactory vendor-buyer relationship. This situation would be repeated around the country.

If the Government were to own the system, then by the mechanism of open bid distributed through the Small Business Administration, each small business would have the opportunity of learning of the business to be had.

Under any procedure, it is apparent that a central coordinator would be required. In the latter case, an agency of the U.S. Government would serve this function. In the case of multiple ownership, either the Government or a business firm could serve this function.

It cannot be denied that the need for coordination is lessened if the communications industry are the only companies involved. These companies have large in-house electronic capabilities, and it is only natural that they would turn to their own divisions, subsidiaries, and affiliates in order to accomplish the work. It will be difficult, however, for outside small business to break into this complex.

It can be argued that the small business clause in Government contracts will give relief to this problem. By so doing, open bids will be made upon which any interested party can bid. In practice, however, we have found that this system has serious drawbacks.

In such a subcontract bid the requirements of the contract are set out in a series of specifications. These specifications can be drawn in such a way so that only one or two companies are able to satisfy these requirements. In many cases, these requirements are important to the successful completion of the job. In others, however, they are not. In fact, it has been often said that the important job of a technical salesman in the electronics industry is to influence the drawing of specifications so that only the product of his company will comply. Let me cite two examples.

Most all electronic components are packaged in a certain form. Because of this, by the expedience of a size specification, it is possible to exclude from the design all products except those of a certain company. Often, a competing company can change



their model to meet this specification but quite often this requires a complete change in electronic circuitry, and thus the expense of this change makes the small business concern noncompetitive.

Specifications are also written on facilities. While such requirements are often very meaningful, the requirements are not always so and they can be so written as to exclude the chances of a particular small company.

Quality control measures are an example. Many small houses depend upon the reliability checks of their suppliers. The small business depends upon the thorough check of the final device to assure workability. A specification can be written to require checks of the subcomponents as well as the final device, and a larger house which makes this subcomponent is the only one which can satisfy this requirement. The net effect is such a specification is a directed procurement even though the smaller house can do the same job and often at a lower price.

The solution to these problems is not an easy one. It is quite natural that companies should wish to work with those subcontractors which are most familiar to them. It is probably wishful thinking to hope that directed specifications can be avoided by arbitrary rules. Consequently, the solutions appear to be to place the prime contracts in the hands of a disinterested party; for example, the Government, or to spread the prime contracts among enough large companies so that on a geographical basis, all small business concerns have an opportunity to place subcontractual bids with companies with whom they were previously affiliated. This latter situation is more nearly met by the proposal that the Communications Satellite System be divided among at least 10 prime contractors.

Thus, if it is the desire that the work on the Communications Satellite System be placed so that small business concerns have the best chance of obtaining a piece of the work, then it would be my recommendation that the work on the sections of the total system be widely dispersed.

Dr. R. A. LARSEN.

#### SMALL BUSINESS ADMINISTRATION,

Minneapolis, Minn., July 28, 1961.

List of electronic firms registered with the Minneapolis office of Small Business Administration (region VIII) having research and development capabilities:

Acrometal Products, Inc., 616 North Fifth Street, Minneapolis, Minn., specialize in processing ultra fine magnet wire used in the electronic field.

ADC, Inc., 2833 13th Avenue South, Minneapolis, Minn., design and development of transformers and electromagnetic components for use in electronics equipment.

Advanced Scientific Instruments, Inc., 5249 Hanson Court, Minneapolis, Minn., design of computers for controlling industrial processes. Peripheral equipment for digital and analog computers.

American Monarch Corp., 2801 37th Avenue NE., Minneapolis, Minn., telephone control power equipment. Voltage and current regulations, switches. Converters, inverters, rectifiers and transformers. Relays and amplifiers.

American Television & Radio Co., 300 East Fourth Street, St. Paul, Minn., design and development of electronic components and accessories such as inverters, power packs, and rectifier units.

Beck's, Inc., 300 East Fifth Street, St. Paul, Minn., research, design, and development of high temperature printed circuitry of both imbedded and flush type circuits, production of miniaturized and micro-miniaturized circuitry design and production of miniature electronic components such as resistors, capacitors, potentiometers, and switches.

Buckbee Mears Co., Toni Building, St. Paul, Minn., photographic processes, techniques and equipment as applied to metal etching, electro-formed masks, glass etching, glass reticles, micro mesh sieves.

Bureau of Engraving, Inc., 504 Fourth Street South, Minneapolis, Minn., design, production and development of special printed circuits.

Central Engineering Co., 417 Taylor Street NE., Minneapolis, Minn., design and development of ignitron power controllers and high voltage and high current power supply units.

Consolidated Engineering Service, Inc., 807 13th Avenue South, Minneapolis, Minn., design and development of instrumentation for testing of electronic equipment, on computers, missiles and allied devices.

Data Display, Inc., 1820 Como Avenue, St. Paul, Minn., radio, radar and telemetering systems and equipment utilized to discover and determine the existence of a target or object. Design of electronic components, circuit elements, basic electronics, interference elements and circuitry. Computing machinery and devices for readout and display of computer information.

Electric Motor Supply Co., 100 Third Avenue North, Minneapolis, Minn., the design and manufacture of electric control panels and control centers for portable power and plant starting systems.

Electro Nuclear Systems Corp., 3054 Excelsior Boulevard, Minneapolis, Minn., research equipment design for computers, instrumentation, method and techniques.

Electro-Craft Corp., 1015 South Sixth Street, Minneapolis, Minn., production and design of elapsed time indicators, servo motors, reactors, magnetic clutches and brakes, magnetic servo amplifiers, high-temperature solenoids, and flight instruments.

Electro-Mation Co., 1821 University Avenue, St. Paul, Minn., design and development of electronic control devices for automation of industrial processes.

Electro-Med, Inc., 3300 University Avenue SE, Minneapolis, Minn., specialize in medical electronic devices in the field of bioelectricity and telemetering equipment for physiological reactions and electrocardiometers.

Electronic Medical Systems, Inc., 1449 University Avenue, St. Paul, Minn., specialize in complete instrumentation systems and central readout of medical data for hospitals and clinics.

Fluidyne Engineering Corp., 5740 Wayzata Boulevard, Minneapolis, Minn., experimental research in flight simulation facilities and test techniques studies of equipment and techniques for simulating space flight and environments, reentry, space connections.

General Electronic Control, Inc., 8001 Access Road, Bloomington, Minn., design and engineering of industrial control equipment, servo-mechanisms and servo-systems. Design of automatic antenna couplers, RF test sets and RF dummy loads. Develop and design of audio transducer and amplifiers transistorized amplifiers and discriminators.

General Magnetics, Inc., 2461 Louisiana Avenue South, Minneapolis, Minn., design and development of electronics equipment including pulse transformers, fluid flow sensors and switches, magnetic systems and components.

Graham Research, Inc., 666 22d Avenue NE., Minneapolis, Minn., design and development of electromechanical precision parts for use in instrument and control application.

Instrument Control Co., 2309 Snelling Avenue South, Minneapolis, Minn., electronic welding control system, pressure gages and cycle counters. The design and development of data-computing and data-scoring equipment for intelligence and aptitude testing.

E. F. Johnson Co., Waseca, Minn., design and production of electronic circuits, components, and equipment.

Lightning & Transients Research Institute, Inc., 2011 Foshay Tower, Minneapolis, Minn., radio noise reduction and lightning protection for aircraft.

Magnetic Controls Co., 6405 Cambridge Street, Minneapolis, Minn., design and production of solid-state and iron-core reactor-type precision temperature control systems for missiles, aircraft, radar delay lines, etc., the development of digital and analog data processing equipment for use in logic circuitry and for submitting data on carrier frequency.

Melco Products, Inc., 301 Fifth Avenue South, Minneapolis, Minn., design and production of transformers and coils.

Micronics, Inc., 2613 Fourth Street SE, Minneapolis, Minn., permanent marking of anodized aluminum nameplates, instrument dials and panels, measuring instruments, etc. Instrument for measuring gas conductivity. Measures and controls humidity, temperature, pressure, radiation, voltage, and current.

Minco Products, Inc., 740 Washington Avenue North, Minneapolis, Minn., research, design and development of miniaturized and subminiaturized thermistors, temperature sensors, and heaters and thermoribbons for airborne and industrial application.

Miniature Instruments, Inc., 9440 Science Center Drive, Minneapolis, Minn., electrical connectors and Swiss components for inertial guidance and computer systems. Gear drive and gear trains, miniature and micro-miniature components for missile and computer industry.

Miratel, First Street SE and Richardson, New Brighton, Minn., electronic display units for TV and pulse code readout. HF and UHF transceivers. Major components and complete sets such as: transmitters, receivers, television cameras, etc., their design performance, operation, maintenance countermeasures, etc. Visual display units for infrared pickup devices. Television for hazardous area observance launching, handling, etc. Visual data reduction and television optical systems.

National Connector Corp., Science-Industry Center, Minneapolis, Minn., the design and production of special electrical connectors and insulating elements of silicon and epoxy laminates for electronic industry.

Nobles Engineering & Manufacturing Co., 645 East Seventh Street, St. Paul, Minn., research and development of sound recording and sound amplification systems.

Nu-Line Industries, Inc., 1015 South Sixth Street, Minneapolis, Minn., research and development of special connectors for electronic use, quick disconnect, RF break-away, environment resistant, high and low voltage. Subminiature connectors for computers and missiles. Precision miniature electrical connectors for flight instrumentation and navigational control units.

Precision, Inc., 4748 France Avenue North, Minneapolis, Minn., electronic component manufacturers.

Professional Instrument Co., 6824 West Lake Street, Minneapolis, Minn., basic research in connection with development of ultra-accurate machines for producing spherical, cylindrical, and flat surfaces. Design and development of air bearing spindles, slides, and related devices for guidance and control systems.

Ramsey Engineering Co., 1853 West County Road C., St. Paul, Minn., design of components, systems, laboratory and testing devices for computers and instrumentation.

Raven Industries, Inc., Box 227, Sioux Falls, S. Dak., design and fabrication of "sky hook" balloon for high altitude tests. Electro mechanical components and assemblies, precision resistors, wiring harnesses.



watersheds, as compared with 38 approvals in the previous 6 months.

The most significant speedup has been in completion of plans and the stepping up of construction activities. During the first 6 months of 1961, 23 additional projects were authorized for operations. A much larger number of completed plans were in process of approval, which is expected before the adjournment of this session of Congress. Committees of the Congress had 15 plans before them for approval. The Bureau of the Budget had 10 plans ready to transmit to the Congress early in July. An additional 18 plans under review by other Federal agencies and the States will be ready for transmittal to Congress by the middle of August. If all of these 53 plans are approved by the Congress, this will represent the largest increment to the small watershed program since it was authorized in 1954.

Total obligations for watershed construction—\$20.5 million during the first half of 1961—also establishes a new record for any 6-month period since the program began. During the last 6 months 43 projects made new construction starts as compared with 6 in the prior 6 months. More new construction starts normally occur during the last half of a fiscal year than during the first half.

3. USDA is launching a comprehensive study of the entire question of land utilization, with emphasis both on desirable long-term goals and short-term programs where the need is crucial.

B. The Department is engaged in a study of the need for strategic security reserves in agricultural products to meet the needs of the Nation in case of war. USDA soon will have plans and recommendations for action in this area.

C. USDA regards as extremely important the function of increasing public understanding of the contributions of agriculture to the American economy and to the U.S. standard of living; and of increasing public recognition of the importance of solving the farm problem. Efforts to promote this increased understanding, and to thus create a new attitude toward the farmer and farm problems and a new sense of common interest and interdependence, are constantly being made through every appropriate means.

Achievement in this field is hard to measure. In terms of articles and editorials in publications ranging from the Saturday Evening Post to the New Republic, the U.S. News and World Report, and the New York Times, it seems that real progress, is being made. USDA believes that this is a major effort that must be kept up if long-term goals are to be achieved.

D. USDA is emphasizing means of developing cooperation with other departments and agencies in order to coordinate agricultural problems and policies with other national programs and policies directed toward solution of common problems.

USDA is especially concerned with two areas.

1. How can the Department jointly meet the challenge of automation and the technological revolution that brings about both unemployment in industry and underemployment (accompanied by low income and surpluses) in agriculture? There is too little general recognition of how much the frontier, with its homesteads and farm opportunities, delayed and mitigated unemployment problems in the past, and of the modern corollary of how much a homesteads-in-reverse movement of people off the farms could add to the unemployment problem today. In other words, there is too little general recognition of the interdependence—and of the concern that both labor and agriculture should share in problems of technological advance, increasing productivity, and their effects and demands on U.S. social and

economic order. A common attack on these problems could be most productive.

2. How can USDA gear agricultural programs and policies to maximize their contribution to international needs and national security? The answer to this requires interdepartmental and interagency cooperation which USDA seeks to develop in every way.

#### SUMMARY AND HIGHLIGHTS, THE AGRICULTURAL ACT OF 1961

The Congress now has enacted S. 1643 after thorough study and hearings based on the proposals submitted by President Kennedy on March 16, 1961. While this amended bill does not contain all of the provisions recommended by the President, it still is comprehensive farm legislation.

It will provide during the next crop year a successful method of reducing the Nation's most pressing overproduction problems in feed grains and in wheat. Billions of dollars and millions of acres are involved in these major commodities, and effective handling of these problems will have far-reaching consequences for virtually every American citizen. Programs of the last several years have only magnified the problems. The new legislation guided by the dramatic success of the 1961 feed grain program, which is reducing production and simultaneously increasing the level of farm income for the crops involved, will have great assurance of success. The principle of the 1961 feed grain program has been followed in developing a wheat program for 1962.

If farmers vote "yes" in the national wheat referendum on August 24, 1961, and subsequently cooperate fully in the 1962 acreage retirement program, their incomes will increase by 10 to 15 percent. At the same time their voluntary actions will bring about a decrease of about 100 million bushels in Government wheat stocks. When coupled with the 1962 feed grain program, the gain in farm income could reach \$600 to \$800 million next crop year and ultimate costs to the Government could be reduced by from about \$750 million to \$1 billion.

Marketing order programs—self-help in a true sense—are being authorized on more commodities.

Important measures are provided to strengthen our Agricultural Trade Development and Assistance Act (our use of food for peace), credit programs for farmers who lack sufficient private credit, and the Wool Act, the Great Plains program, and the school milk program.

This legislation also helps assure consumers of fair and stable prices. Taxpayers will be benefited by savings of as much as \$1 billion. Finally, as the sagging farm economy is made healthy once more, farmers will increase their purchases of all kinds of industrial manufactured products, thereby benefiting wage earners, and so the entire Nation will receive great additional long-range benefits.

#### TITLE I

A. Authorizes Secretary to consult with farmers, farm organizations, processors, and others in connection with the formulation of legislative proposals and to pay transportation expenses and per diem as authorized under the Travel Expense Act of 1949 for Federal employees.

Significance: Farmer participation in formulating programs is essential if programs are to be successful.

B. Establishes 1962 crop wheat program. Provides a mandatory acreage retirement of 10 percent if farmers adopt marketing quotas by a two-thirds majority vote; voting eligibility for the 1962 wheat marketing quotas specified for producers who had over 13.5 acres of wheat in at least one of years 1959, 1960, or 1961; price supports available only to cooperators in commercial produc-

ing areas (if producers should disapprove quotas, price support would be available to cooperators at 50 percent of the parity price of wheat); a voluntary reduction of an additional 30 percent of 10 acres whichever is higher; 15-acre exemption reduced to either 13.5 acres or the highest acreage planted to wheat on the farm in 1959, 1960, or 1961; payment for diverted acres to be made in the 10-percent reduction bracket at 45 percent of the value (in cash or kind as the Secretary may direct) of the basic county support rate per bushel; producers diverting up to an additional 30 percent (of the balance of the small farm 10-acre maximum) of the farm wheat acreage would be paid at rate of 60 percent of the value of the yield per acre for the farm; for those who wish to use wheat entirely on their farm, not more than 30 acres may be produced for human or animal consumption; durum wheat, now in short supply, will be subject to a special program.

Significance: Government stocks of wheat, now 1 1/4 billion bushels, would probably increase by another 100 million bushels from the 1962 crop if the program were changed. Under this bill, stocks could be reduced by more than 100 million bushels rather than increased by nearly 100 million. This will result in savings on this one crop of \$50 million in the first crop year and ultimately \$258 million. The previous program offered little hope of increasing farm income. The new program will increase net farm income for wheat producers 10 to 15 percent. Under the new program, price supports will be set at about \$2 a bushel; retired acreage percentages will be 10 up to 40 for 1962 with opportunity to reduce as much as 10 acres on small farms.

C. Establishes feed grain program. Provides for price support on corn at not less than 65 percent of parity. Limits price support for corn, grain sorghums, and barley to the normal production of the 1962 acreage of each eligible farm and requires as a condition of eligibility for price support on corn and grain sorghums that the producer participate in the special 1962 program for corn and grain sorghums and not knowingly exceed his base acreage of barley. Similarly, as to barley, the producer must participate in the special 1962 program for barley and not knowingly exceed his base acreage of corn and grain sorghums. Authorizes a special program under which payments will be made to producers who divert acreage from the production of corn and grain sorghums, and barley, respectively, to an approved conservation use and make an equivalent increase in their average acreage of cropland devoted in 1959 and 1960 to approved soil conserving crops or practices. (Special provisions are made for producers of malting barley.) Diverted acreage shall be devoted to conservation uses including summer fallow and measures to control insects, weeds, and rodents shall be taken. Such acreages may be used for castor beans, guar, safflower, sunflower, or sesame but no payment shall be made for acreage so used. (Guar is a bean cash crop as well as a soil-building legume. It can provide high protein meal and a valuable gum for manufacturers.) Payments on the first 20-percent diversion are determined on the basis of the basic county support rate and an amount of the commodity not in excess of 50 percent of the normal production of the diverted acreage. Payments on an additional 20-percent diversion are determined on the basis of the basic county support rate and an amount of the commodity not in excess of 60 percent of the normal production of the diverted acreage. The feed grain provisions are substantially the same as for 1961 except for the addition of the provisions relating to barley.



Significance: During the 1961 emergency feed grain program, due to excellent cooperation among farmers, stocks are being reduced, and taxpayers are probably saving about \$750 million as compared with costs that would have been incurred under the previous program. Here, again, as in the wheat program previously mentioned, the level of farmer income will rise substantially in the 1962 crop year. Nationally, for both wheat and feed grains programs, the increase in income of producers of these grains above that which they would receive under existing law will probably be about \$600 to \$800 million in the 1962 crop year. The two programs should reduce ultimate costs to the Government, as compared to existing law, by between \$750 million and \$1 billion.

D. Extends to additional commodities the authority for marketing orders and agreements (without producer quotas) originally enacted in 1937. Marketing order authority is extended to peanuts by areas of production, turkeys, and turkey hatching eggs, cherries and cranberries for canning or freezing, and apples, both fresh and for canning or freezing (and products except canned or frozen products), produced in Michigan, New York, New England, Maryland, New Jersey, Indiana, and California. The present existing authority under the act for orders applicable to soybeans is terminated. There are added to the commodities subject to import regulation under the act, when marketing orders are in effect on the same commodities in the United States, oranges, onions, walnuts, and dates, except dates for processing.

Significance: Self-help through marketing orders has proved invaluable to producers of some commodities. Experience with milk, citrus fruit, vegetables, and other important commodities indicates that additional benefits may be realized. The principle of self-help as contained in marketing orders is an important means available to farmers for developing and adjusting their industry. Consumer interests also are adequately protected in these orders.

E. Extend the Wool Act for 4 years.

Significance: This act has been a successful one. It is carried on through annual incentive payments to domestic producers. A self-help program for advertising, promotion and related market activities on wool and lambs is authorized, if approved by producers. The 4-year extension should tend to improve and stabilize the industry.

#### TITLE II

A. Extends for 3 years Public Law 480 (Agricultural Trade Development Act) and provides additional money for title I sales (up to \$4.5 billion in total with not more than \$2.5 billion in 1 year); authorizes the use of foreign currencies for dollar sales to American tourists; improves agricultural marketing development activities in foreign nations by setting aside 5 percent of the foreign currencies acquired each year for this purpose. (Public Law 480 has been in existence 7 years. It provides for constructive means of utilizing U.S. agricultural commodities. Title I programs—sales for foreign currencies, have been the largest under this act with exports directed largely to underdeveloped countries and distributed through private trade channels. Foreign currency proceeds from sales of U.S. agricultural commodities are used to accelerate economic development in the countries where the sales are made and to finance U.S. work in those countries. Title II permits the President to help friendly peoples in case of natural disasters. Title III authorizes donations of CCC-owned commodities in the United States and abroad through nonprofit U.S. voluntary relief agencies and intergovernmental organizations; it also authorizes barter of CCC commodities for strategic or other materials. Title IV provides for long-term supply and

credit contracts to expand or maintain export sales of agricultural commodities for dollars.)

Significance: Extension of Public Law 480 affords opportunity for better planning. It will be a key instrument in U.S. foreign relations. It is essential in implementing the food for peace program in expanding exports of food and fiber, and assuring emerging nations of our continuing interest in supplying agricultural commodities for economic growth. It is also essential to the establishment of a national food policy and development of a world food budget.

#### TITLE III

A. Consolidated lending authorities of Farmers Home Administration for making farm ownership, operating, disaster and water facility loans, with some easing of credit for farms of less than family size and for nonterm operating loans. This title is a consolidation and modernization of statutes authorizing loans to eligible farmers who cannot obtain credit elsewhere for acquisition, improvement, and operation of farms. It will not, of itself, increase the cost of these credit programs.

1. Real estate loans would be available to persons who are or will become owner-operators of not larger than family farms. Available to all farm owners and tenants for soil and water conservation measures. Loans may be made to certain nonprofit organizations for conservation, drainage and flood control with insured loan limit of \$1 million and direct loan limit of \$500,000. Sets limits on loans to individuals for land acquisition at \$60,000. Both insured and direct loans may be made up to 100 percent of normal value of the farm. Provides interest rate not to exceed 5 percent plus fees.

2. Operating loan limit increased from \$20,000 to \$35,000 and limits loan to 7 years at 5 percent. Single loans cannot exceed \$35,000 and outstanding indebtedness and total loans cannot exceed \$500,000 in any one year in the case of soil conservation districts.

3. Emergency loans not to exceed 3 percent interest under terms applicable to real estate and operating loans.

Significance: A sharp increase in demand for credit has resulted from low farm incomes of recent years along with the rapid development of machines, chemicals, and other elements of modern technology. The farmer who does not have the necessary credit to adopt the new technology or reorganize his farming when necessary cannot compete. Those who cannot produce efficiently at commercial levels cannot benefit adequately from other farm programs which are aimed at increasing farm income. Improved credit and related service for those who cannot obtain sufficient credit from cooperative and private sources are essential and would be provided by this legislation. Young farm people especially would benefit.

#### TITLE IV

A. Extends to December 31, 1971, the period that contracts may be entered into under the Great Plains program rather than the final date such contracts can remain in effect.

Significance: This program is completely voluntary; it helps landowners and operators in the Great Plains to achieve a more stable production to protect the lands from erosion, to develop farming and ranching practices more adequate to cope with the hazards of climate which characterize the area, and generally to stabilize the economy of the region. The program supplements other conservation programs and activities in 361 counties of 10 States. Farmers and ranchers may enter into cost-sharing contracts for a minimum of 3 and a maximum of 10 years. A good start has been made toward helping the farmers of the plains adapt their agriculture to the dangers of recur-

ring droughts and other hazards peculiar to the area. Continuation of the program is essential for the development of a sound permanent agriculture.

B. Extends school milk program 5 years, to June 30, 1967, and veterans and Armed Forces dairy programs 3 years, through December 31, 1964.

Significance: These milk programs have found nationwide acceptance, and their continuance is a recognition of their value. The school milk program is a prime example of wise use of the farmers' abundant production.

Mr. HUMPHREY. Mr. President, I thank my colleagues for their patience while permitting me to make these statements and to request the making of these insertions in the RECORD.

#### THE PRESIDENT'S FOREIGN AID PROGRAM

Mr. PELL. Madam President—

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The Senator from Rhode Island.

Mr. PELL. Madam President, when the Senate passed the area redevelopment bill, we recognized that distressed areas in any part of our country weaken the country as a whole. We are now considering the act for international development; and I believe it most important that we keep in mind the same principle—namely, that distressed areas in any part of the free world weaken the strength of the whole free world. To put it bluntly, even if there were no threats from international communism, America and the other developed nations of the world simply can no longer afford to live in an island of comparative luxury in the midst of a sea of poverty and disease.

Moreover, it is interesting to note that the only—the only—areas of the world where the Communists have succeeded in securing power in the last decade have been those in which the people have been poorly fed and poorly educated.

There are no exceptions to that; and it is because of that situation that we would like to see more peoples in the world well fed, well housed, and well educated, because in those circumstances communism has little chance.

Madam President, when we discussed the area redevelopment bill, we debated at length the question of Treasury borrowing. During the course of that debate, an amendment to strike out the Treasury borrowing provision was defeated. I am confident that the Senate, in its wisdom, will defeat similar proposals to strike the Treasury-borrowing provision from the Act for International Development which we are now considering.

The distinguished chairman of the Senate Foreign Relations Committee and other able Senators have cited many precedents for Treasury borrowing. It has been pointed out that the concept of using Treasury borrowing for foreign assistance is not new, and that President Eisenhower's administration made the same recommendation.

Madam President, many distinguished observers of world affairs have expressed the hope that the United States will take more initiative. I share this point



of view, and, believe that by authorizing Treasury borrowing for long-term dollar loans we shall indeed be taking the initiative. Admittedly, if we enact this provision, we shall be doing something we have never done before in our foreign-assistance program. This does not make me apprehensive. I think we must do—and I stress the word “do,”—new things if we are effectively to meet new challenges and opportunities. In today's fast moving world, what was sufficient in 1951 is not sufficient in 1961. This is true, not only of the world of space, but also of the underdeveloped world right here on this planet.

When we discuss Treasury borrowing to enable us to make long-term dollar loans to be repaid in dollars, we are talking about putting our assistance program on a business-like basis. No business and no country can plan on a year-to-year basis. Giving the President authority to negotiate long-term dollar loans which will be repaid in dollars, will greatly strengthen our foreign-assistance program in two principal ways:

1. When negotiating loans with countries who have not made the necessary internal reforms to insure that our aid reaches the grass roots, our representatives will have the leverage of being able to offer long-term assurances if certain reforms are undertaken.

2. Governments assisted will be able to engage in long-range planning which will make our aid far more effective and will generally encourage a sounder attitude toward economic development questions.

Madam President, development loans are the heart of the President's program for the decade of development. They will be our principal tool for enabling the peoples of Asia, Africa, and Latin America, who now know it is possible to improve their lot, to do so without resort to authoritarian means and without succumbing to the blandishments of the Soviet bloc. One of the central questions we are dealing with today is whether the economic conditions of over one and a half billion people will improve under a non-Communist system. The people who will be affected by our decisions have per capita incomes ranging as low as \$50 a year, compared to the \$2,500 average in the United States.

The Development Loan Fund can provide such an alternative in those countries, where the principal bottleneck to advancement is a low rate of investment. As we know, investment can rise by one of two means: either through increased domestic savings or from external aid. To raise the level of savings sharply in many of these less-developed countries is virtually impossible. When one's income is barely enough to sustain mind and body, saving is academic. We have an obligation not only to provide an alternative to such desperation measures, but to identify our own Nation with the forces of change and to play a role in channeling toward constructive political, economic, and social solutions the energies which have now been unleashed throughout the world.

Madam President, we often hear the question “Can the United States afford this program?” The simple answer, it seems to me, is that the United States can afford whatever is needed for our national future and survival—just as we were able to “afford” World War II and the Marshall plan, and just as we were able to afford this year's Defense Department Appropriations of \$46,848, 292,000 which we passed by a vote of 85 to 0 last Friday.

Actually, the burden of the Marshall plan was really much greater than that now contemplated by President Kennedy's proposals. References to our current Federal debt burden often overlook the significant fact that it now stands at about 58 percent of our gross national product for one year, whereas, at the start of the Marshall plan, the percentage of our Federal debt in relation to our gross national product was more than 96 percent. The foreign assistance, both military and economic, proposed in the legislation now before this body is approximately 1 percent of our national income, or about one-tenth of the Biblical tithe. By contrast, foreign assistance appropriations in 1949 were about 2½ percent of our national income.

An economic assistance program which holds out a reasonable prospect for success will cost less over the entire decade of the sixties than our defense budget for 1962. There is no question of the need for our defense budget. There should also be no question of the need to win the long, hard struggle for development and progress on which the survival of the free world ultimately depends.

Our objective should be that the people of the whole world eventually will be fairly well educated and reasonably prosperous.

Madam President, yesterday I received from the Textile Workers Union of America a most thoughtful communication which I am anxious to share with all of my colleagues.

As my colleagues know, the textile industry has many problems and the workers in this industry have suffered severe hardships. Therefore, I was particularly struck by the truly statesman-like passage in Mr. Pollock's telegram which refers to the difficulties of the industry, and then states, “However, we realize that an even bigger issue for all Americans is to take steps to prevent many underdeveloped countries from being drawn into Communist orbit by promises of economic aid.”

Therefore, I ask unanimous consent that a telegram from William Pollock, general president, Textile Workers Union of America AFL-CIO, supporting the proposed Foreign Assistance Act, S. 1983, be inserted in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Despite fact that Textile Workers Union has fought to limit imports of textile products we earnestly request and urge that you vote for S. 1983 in form presented to Congress. We shall continue our efforts for protection of

domestic textile industry. However, we realize that an even bigger issue for all Americans is to take steps to prevent many underdeveloped countries from being drawn into Communist orbit by promises of economic aid. Our union has debated this issue at several conventions and has always voted overwhelmingly to endorse type of program embodied in S. 1983. We believe that it is in the interest of membership and indeed of all citizens of free world to support broadest possible long term assistance programs aimed pressing needs of peoples of newer countries in Asia, Africa, and Latin America.

WILLIAM POLLOCK,

General President, Textile Workers Union of America AFL-CIO, 1025 Vermont Avenue NW., Washington, D.C.

Mr. CASE of New Jersey. Madam President, I rise in opposition to the amendments offered by the Senator from Virginia to the Foreign Assistance Act of 1961.

The bill before the Senate—the Foreign Assistance Act of 1961—is, I believe, one of the most important pieces of legislation that will come to this Congress.

We are going to have a foreign aid program: I think everybody concedes that. We are going to have to have it, because it is necessary. But the pending bill contains several controversial provisions, the most important of which is the proposal to give the Development Loan Fund authority to borrow from the Treasury to cover its commitments over a 5-year period. To me, this borrowing authority is the heart of the bill, and it would be eliminated by the Byrd amendment.

This long-term feature is not, as some have indicated, a new proposal. In 1957 the Eisenhower administration proposed a long-term program which was approved by a bipartisan majority in the Senate. Unfortunately, this provision was lost in conference. Again in 1959, the idea was considered but a House amendment deleted the long-term commitment plan.

This year a 5-year program has been proposed. Secretary of the Treasury Douglas Dillon, who served as Under Secretary of State in the Eisenhower administration, supported the long-term commitments before the Senate Foreign Relations Committee in the following words:

Long-term financing authority is an essential tool for the achievement of our foreign policy objectives. I am equally convinced, as Secretary of the Treasury, that this is the most efficient and least costly method of providing development assistance.

In recent years the problem of making our foreign aid program more effective has been the subject of extensive studies both in the executive and legislative branch of the our Government. Without exception, they have resulted in the recommendation that the program be put on a long-term basis. Thus, the weight of expert opinion supports the recommendation of both the Eisenhower and Kennedy administrations on this point.

There are a number of reasons for this consensus. I should like briefly to refer to several of them.



First, the bill's provision for long-term lending authority will give the aided governments confidence that they can rely on firm commitments from the United States in carrying out their own long-term programs. Economic and social development is not an easy task. Most of these countries face an enormous job. Their willingness to undertake it, and their ability to accomplish it, will be greatly strengthened by the assurance of our continuing support—assurance that is not subject to the hazards of a yearly appropriation process.

If they are to achieve real economic and social progress, these countries have to provide for tax reforms, agricultural reforms and administrative reforms, and take many other difficult but essential steps. Without the confidence that can be supplied by long-term U.S. commitments, these countries can hardly be expected to put out the effort and take the political risks which will be required.

Perhaps the best way to illustrate the advantages of long-term commitments would be to quote an unidentified Foreign Minister who said of himself and his people:

In the past, not knowing the exact volume of aid to be received, we were often forced to be either too conservative, thereby missing opportunities for fruitful investments, or to be overoptimistic in our expectations and commit ourselves too deeply. Under the proposed plan, by knowing several years in advance the exact amount of U.S. aid, we would be in a position to draw more accurate plans in accordance with financial responsibility and to get the greatest returns out of every aid dollar invested.

Even as we debate now there is in progress a meeting of the Inter-American Economic and Social Council in Uruguay where plans are being made for the long-term reforms necessary for Latin American development. Secretary of the Treasury Dillon heads the U.S. delegation to that meeting. From Uruguay, Secretary Dillon has cabled the chairman of the Foreign Relations Committee as follows:

Three days here have heavily underlined the overriding importance of our having authority to make long-term commitments to match the major effort which Latin American countries are now prepared to make on their own behalf.

Secretary Dillon is not given to overstatement. It seems clear that the success of the conference in Uruguay will depend in large measure upon our action here. And what is true of Latin America is equally true of all the other underdeveloped areas of the world.

By putting the lending program on a long-term basis, Congress will give the Executive Branch the tools it has long sought and needed. In return the Congress can and should hold the administration responsible for:

First. Good administration.

Second. The economic soundness of the activities to be financed.

Third. The consistency of such activities with other plans proposed or performed.

Fourth. The recipient's responsiveness and his clear determination to take effective self-help measures.

Fifth. The effect on the U.S. economy.

Moreover, the long-term commitments will assure our allies of our continuing interest in the underdeveloped areas. This can and should be useful in persuading them to do their share toward the development of these areas.

Finally, if we would help the developing nations maintain their freedom and independence in their quest for economic and social progress, the aid we offer must be no less adequate to their needs than the long-term assistance held out by Soviet Russia and Communist China.

All in all, it is both to our benefit and to the benefit of the aided countries to be able to give multiyear commitments with the assurance they will be fulfilled.

But the 5-year program is meaningless without the provision for borrowing from the Treasury. This borrowing has been labeled "back-door financing." It is not. Congress will not lose control.

The President must make quarterly reports on lending operations to the Congress. Furthermore, under the Government Corporations Control Act the President must include, as part of each annual budget, the proposed lending program of the Development Loan Fund for the coming year. In the Appropriations Committees these programs will be reviewed annually, and any limitations whatever can be recommended by the committees and enacted by Congress as a part of the annual appropriation bills.

But while the proposal would not take from Congress its ultimate control over foreign aid, it is true that under the bill the burden would be on Congress of justifying to itself any action it might take to cut any proposed program which is within the general lending authority provided by the bill. It would prevent a few individuals in strategic positions who oppose the whole foreign aid program from using their power over appropriations to make arbitrary reductions and eliminate programs without specific and affirmative reasons for such action.

The Committee on Foreign Relations is, in my judgment, to be congratulated upon presenting to us a formula which will provide both the benefits of the long-term lending authority and, at the same time, retain basic congressional control.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. CASE of New Jersey. I am happy to yield.

Mr. JAVITS. I remained for a while, since the Senator was kept waiting. I was anxious to state to the Senator what I shall now state.

We who are going to back this provision of the bill are a relatively small band on this side of the aisle. We are likely to prove to be a very important and critical small band in regard to the vote.

I must say that personally I welcome the Senator's position, and find therein deep gratification and confirmation of my own position. He has a long standing record of being one of the most enlightened public servants in our country. What he is stating as his view typifies this position.

Does the Senator feel, as I do, in view of the fact that there will be funda-

mental congressional control, except that Congress will have to be self-activating? As the Senator says, a very few Members of Congress will not be given rather heavy powers over the rest of us through their positions on committees. The issue of congressional control is an illusory issue. The real issue is whether one is for or against a substantial, major commitment in the foreign aid field, over a period of years, which will provide the amount of time required for the purpose of using the aid the most advantageously in order to meet the needs of the free world and the competition of the Communists, both in Red China and in the Soviet Union. Does the Senator agree with me that is the issue, rather than congressional control?

Mr. CASE of New Jersey. The Senator from New York has put his finger on the very heart of the problem. That is exactly the point. I do not characterize any of the opponents, nor do I single out anyone, but the opponents, I think, are really opposed to this provision in the bill because they are opposed to long-term financing and because they are opposed to foreign aid in their very deep philosophical beliefs. Even those who do not think this is the reason, if they should succeed in putting the Byrd amendments into the bill, in my judgment would be playing directly into the hands of the small group of people who, in my opinion, have been misusing the power given to them. I do not characterize their motives, and the power was given to them by virtue of their positions in the Congress, so Congress is responsible. They have used the power to prevent the will of the Congress from being fulfilled.

In my judgment, also, this has been much to the detriment of our foreign policy for many years.

I think it would be a tragedy if the Byrd amendments were adopted either in the Senate, or their equivalent, in substance, in the other body, because I think we have at long last an opportunity to put this program on such a basis as to really serve the needs it must serve if we are to succeed in maintaining a decent, stable world, one in which peace is possible.

Mr. JAVITS. I should like to have the Senator address himself to another question. Is it not a fact that the appropriations for the Development Loan Fund have been cut to ribbons since 1958, and that, therefore, there could be no reasonable expectation of other countries relying upon our authorizations? I have the record. It is being compiled now. I shall put it into the RECORD in the course of my own argument tomorrow.

The record shows that the appropriations, no matter how close to the date of the authorizations, have been cut to ribbons.

Mr. CASE of New Jersey. There is no doubt about it. We shall be in much worse shape if we adopt the Byrd amendments. As the Senator from New York has pointed out, there is a record of constant reductions in the appropriation process of the amounts authorized



in the basic legislative acts. On the basis of that record, and against that background, no country could possibly assume that the future course of Congress would not be the same as it has been in the past.

We would be in very bad shape if the Byrd amendments were agreed to, against the background which the Senator has mentioned. I am glad the Senator is going to put the specific facts in the RECORD tomorrow. It would be very difficult to induce the Latin American countries or any of the rest of the underdeveloped areas of the world to accept assurance of the executive branch of the Government on the basis of history.

Mr. JAVITS. I consider it an honor to stand shoulder to shoulder with my colleague in this very major effort for our country. This is the real offensive of the free world of which we are now talking. I consider it quite typical of the statesmanship and character of the Senator to find him enrolled in this fight in the way he is.

Mr. CASE of New Jersey. Madam President, I am most grateful to my colleague. I can think of no one whose commendation is more precious to me. It is typical of his generosity. The fact that he happens to agree with me—as happens, I am glad to say, on a good many occasions—strengthens my own convictions that I am correct.

Madam President, opponents of foreign aid have suggested that Treasury borrowing is a new, untried method of obtaining funds. This is not true. The Reconstruction Finance Corporation, formed under the Hoover administration, was the first agency to use this system. Since that time the Federal National Mortgage Association, the Federal Savings and Loan Insurance Fund, the investment guaranty program, the Export-Import Bank, the Area Redevelopment Act and many others have used this same system. As a matter of fact the proposed lending program would consume each year only one-eighth of the average annual amount borrowed from the Treasury during the latter part of the last administration.

No one is under any illusions concerning the effectiveness of past foreign aid programs. No one is happy with the waste and mismanagement that have occurred. Yet the way to improve matters is not to make it more difficult to operate but rather to provide basic procedures which promise a better opportunity for maximum efficiency. This, I believe, the pending bill will do.

No one can be sure that even with this we can attain the goals we seek. But these goals are crucially important to us and to the entire free world. It is unthinkable that we should refuse to give ourselves the best possible chance of reaching them.

Madam President, I urge the Senate to reject the Byrd amendments.

#### ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 10, 1961, he pre-

sented to the President of the United States the following enrolled bills:

S. 82. An act for the relief of Naoko Ishiwatari White;

S. 207. An act for the relief of Jean Goeddicke;

S. 231. An act for the relief of Helga G. F. Koehler;

S. 435. An act for the relief of Knud Erik Didriksen;

S. 489. An act for the relief of Dellarose J. Dowler;

S. 700. An act for the relief of Fung Wan (Mrs. Jung Gum Goon);

S. 825. An act for the relief of Vasiliki Yeannakopoulos;

S. 944. An act for the relief of Mr. Najm Boulos Rihani;

S. 1085. An act to provide for the disposal of certain Federal property on the Minidoka project, Idaho, Shoshone project, Wyoming, and Yakima project, Washington, and for other purposes;

S. 1294. An act to supplement and amend the act of June 30, 1948, relating to the Fort Hall Indian Irrigation project, and to approve an order of the Secretary of the Interior issued under the act of June 22, 1936;

S. 1373. An act for the relief of Giuseppa Lanza Lascuola;

S. 1673. An act for the relief of Blagoje Popadich; and

S. 1815. An act to provide for one additional Assistant Secretary of Labor in the Department of Labor.

#### ADJOURNMENT TO 11 A.M. TOMORROW

Mr. SMITH of Massachusetts. Mr. President, if there is no further business to come before the Senate at this time, I move that the Senate adjourn until 11 o'clock a.m. tomorrow, pursuant to the order previously entered.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, August 11, 1961, at 11 o'clock a.m.

#### NOMINATIONS

Executive nominations received by the Senate, August 10, 1961:

##### THE JUDICIARY

James B. Parsons, of Illinois, to be U.S. district judge for the northern district of Illinois, vice Philip L. Sullivan, deceased.

##### FEDERAL RESERVE SYSTEM

George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1948, vice M. S. Szymczak, resigned.

The following-named persons, now Foreign Service officers of class 2 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

Joseph F. Donelan, Jr., of New York.

Joseph J. Jova, of New York.

Alexander Schnee, of New York.

The following-named persons for appointment as Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service of the United States of America:

Roger C. Dixon, of Virginia.

Turner B. Shelton, of California.

The following-named persons, now Foreign Service officers of class 3 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

Arthur B. Allen, of Virginia.

John Calvin Hill, Jr., of South Carolina.

Homer W. Lanford, of Alabama.

Lawrence Koegel, of Maryland, for appointment as a Foreign Service officer of class 3, a consul, and a secretary in the diplomatic service of the United States of America.

Maurice J. Scanlon, of Wisconsin, for appointment as a Foreign Service officer of class 4, a consul, and a secretary in the diplomatic service of the United States of America.

Edward J. Chesky, Jr., of Kansas, for promotion from Foreign Service officer of class 6 to class 5 and to be also a consul of the United States of America.

John J. Helble, of Illinois, now a Foreign Service officer of class 6 and a secretary in the diplomatic service, to be also a consul of the United States of America.

Mrs. Winona Eyre Hanlin, of Colorado, for appointment as a Foreign Service officer of class 7, a vice consul of career, and a secretary in the diplomatic service of the United States of America.

The following-named persons for appointment as Foreign Service officers of class 8, vice consuls, of career, and secretaries in the diplomatic service of the United States of America:

Kenneth E. Block, of Maryland.

Paul H. Boeker, of Ohio.

Kenneth L. Brown, of California.

Balfour B. Cassen, of California.

Joseph R. Chesen, of Wisconsin.

James R. Cobbledick, of Connecticut.

Robert G. Davis, of Nebraska.

Gerald de Santillana, of California.

David K. Edminster, of Virginia.

Frederick D. Elfers, of New York.

Otho Evans Eskin, of the District of Columbia.

Robert E. Ezelle, of California.

David J. Fischer, of the District of Columbia.

Frederick A. Hahn, of New York.

Robert F. Illing, of California.

Robert H. Knickmeyer, of Missouri.

C. William Lafe, of Pennsylvania.

Stephen R. Lyne, of Vermont.

Richard H. Melton, of Maryland.

Bert C. Moore, of Ohio.

James H. Moss, of Colorado.

Ernest C. Ruehle, of Missouri.

Peter Bird Swiers, of New York.

Charles T. Sylvester, of Rhode Island.

Haven N. Webb, of Tennessee.

Richard L. Wilson, of Iowa.

Warren Zimmermann, of the District of Columbia.

The following-named Foreign Service Reserve officers to be consuls of the United States of America:

William C. Buell, of Washington.

Milton M. Chase, of Ohio.

Harold E. Engle, of the District of Columbia.

Thomas J. Flores, Jr., of New York.

Richard M. Long, of Colorado.

Paul E. A. Van Marx, of Connecticut.

Earl J. Wilson, of Maryland.

John R. Wood, of Georgia, a Foreign Service Reserve officer, to be a consul general of the United States of America.

Albert S. Bonner, Jr., of Maryland, a Foreign Service Reserve officer, to be a consul and a secretary in the diplomatic service of the United States of America.

The following-named Foreign Service Reserve officers to be vice consuls of the United States of America:

William D. Carey, of Virginia.

Peter B. Edmonds, of New York.

Robert L. Fambrini, of California.

Stephen R. Gibson, of California.

Mrs. Lillian L. P. Mullin, of Virginia.

Patrick H. Ramsey, of Texas.

James Frederick Smith, of Ohio.

James K. Welsh, Jr., of New York.



Stephen Winsky, of Maryland, a Foreign Service Reserve officer, to be a vice consul and a secretary in the diplomatic service of the United States of America.

The following-named Foreign Service Reserve officers to be secretaries in the diplomatic service of the United States of America:

Edwin F. Atkins, of the District of Columbia.  
William V. Broe, of Maryland.  
William B. Caldwell, of Texas.  
G. Huntington Damon, of Maryland.  
Ralph J. Katrosh, of Pennsylvania.  
John F. Markham, of the District of Columbia.  
Gray M. Randall, of Washington.  
Carl R. Sharek, of New Hampshire.  
Eugene S. Staples, of the District of Columbia.  
Ernest G. Weldul, of the District of Columbia.

The following-named Foreign Service staff officers to be consuls of the United States of America:

John J. Curtis, of Ohio.  
Samuel P. Dieli, of Michigan.

The following-named Foreign Service officers for promotion from class 8 to class 7:

James A. Placke, of Nebraska.  
Herbert E. Wilgis, Jr., of Maryland.

#### IN THE NAVY

The following-named officers for temporary promotion in the Medical Corps of the U.S. Navy, in the grades indicated, subject to qualification therefor as provided by law:

#### To be captains

Allebach, Newton W.	Hodges, James C., Jr.
Aune, Edwin F.	Ingram, William B.
Brown, Roy G.	Jenkins, Judson H.
Cowart, Elgin C., Jr.	Nelson, Albert D., Jr.
Garland, Charles M., Jr.	Nielsen, Orville F.
Giknis, Francis L.	Rulon, David B.
Gray, Oscar, Jr.	Taylor, George W., Jr.
	Waite, Charles L.

#### To be commanders

Bernstine, Richard L.	Martin, Stuart H.
Johnson, Burt C.	Milnes, Roger F.

#### To be lieutenant commanders

Ciliberti, Angelo A.	Kibbey, Ianthus I.
Hurvitz, Seymour A.	Stinely, Regis W.

The following-named officers for temporary promotion in the Dental Corps of the U.S. Navy, in the grades indicated, subject to qualification therefor as provided by law:

#### To be captains

Armstrong, Lloyd M.	Mumme, Henry T., Jr.
Brigance, Frederick W.	Naylor, Merlin E.
Brown, James J., Jr.	Nelson, Wayne A.
Carmen, Marvin	Newman, Dwight W.
Conglis, Peter C.	Nystul, Oliver G.
Cordonier, Louis H.	Pape, Thomas J.
Elder, Stewart T.	Papera, Fiore A.
Ellis, Frank N.	Peterson, William A.
Folkers, Charles W.	Pfaffmann, George A.
Hagerman, Wade H., Jr.	Ralls, Walter E.
Hancock, Joseph G.	Rovelstad, Gordon H.
Hanson, Thomas J.	Sedlacek, James W.
Hawkins, Donald C.	Smith, John H.
Hicks, Henry H.	Sochowski, Richard T.
Hodder, Edwin J.	Stolitsky, Justin F.
Hoffman, Seymour	Suehs, Leon G.
Hoyt, Joseph J.	Thimes, Carl B.
Hurka, Joseph S.	Valentin, Enrique, Jr.
Hutton, Edward G.	Wheat, Alva A.
Mayo, Thomas H.	Wilhelm, Carl L.
Monroe, William A., Jr.	Williams, Leonard E.
	Wood, Quentin L.

#### To be commanders

Beall, Frank P., Jr.	Swanson, Carl J.
Hutchinson, William G.	Zustiak, Michael

The following-named officers for temporary promotion to the grade of lieutenant

in the line of the U.S. Navy, subject to qualification therefor as provided by law:

Cracknell, William H., Jr.  
McMichael, William L.

The following-named officers for temporary promotion to the grades indicated subject to qualification therefor as provided by law:

#### To be chief warrant officers, W-2

Aldrich, Marvin M.	Dowdey, Jesse C., Jr.
Allen, Raymond S.	Duncan, Burrell E.
Allerdings, Robert D.	Duncan, Floyd A.
Anderson, James C., Jr.	Durland, Ray M.
Arnett, William C.	Durren, Richard L.
Baca, Raymond W.	Dutcher, Clinton E.
Bacha, Michael	Dyer, William J.
Bailey, Howard L.	Early, George, Jr.
Baker, Oscar M.	Edwards, Charles R.
Baney, Richard L.	Ellis, John W., Jr.
Barlow, Gerald F.	Enzminger, Kenneth A.
Barnett, Bryan R.	Epoch, Paul
Barratt, James F.	Erdner, Homer F.
Barrett, James L.	Esenwein, Robert G.
Bates, Arthur H.	Evans, Lockwood F.
Beckley, Wendell	Felder, Kelly R.
Bishop, John F.	Ferguson, John R.
Blankman, Ernest R., Jr.	Fickett, Lawrence E.
Block, Marvin G.	Filina, George F.
Bober, John T.	Fortney, Doyle W.
Bodge, George R.	Foster, Russell L.
Boehle, William A.	Friel, Joseph A., Jr.
Boesenhofer, Karl, Jr.	Fuller, Laverne H.
Bolling, Fredrick M.	Gall, Ernest R.
Booth, Thomas G.	Ganey, Walter F.
Borer, William J.	Garrett, Kenneth E.
Bostick, Daniel C.	Gerbis, Daniel
Boucher, Leonard R.	Giglio, John R.
Boyer, Robert E.	Giles, Guy M.
Briody, John H.	Gilligan, Thomas F.
Brockman, Edward B.	Gilmore, Fredrick W.
Brown, Albert L., Jr.	Glaab, George W.
Brown, Charles D.	Gleason, Albert J., Jr.
Brown, Edward C.	Gohrband, Howard F., Jr.
Brown, Hall G.	Gomez, Fabian J.
Brown, William H., Jr.	Gonzalez, Ernest G.
Bruce, Hance R.	Graham, Frank
Budacki, Frank J.	Gudger, Floyd H.
Budrevich, John P.	Hafslund, Robert H.
Bull, Charles H.	Haldeman, Leonard D.
Burnett, Lee R.	Hamlett, Clyde, Jr.
Burns, John C.	Hamlin, William R.
Butler, Henry C.	Hanna, Adrian L.
Butler, Kelly, Jr.	Hardin, Billie R.
Cady, Howard P.	Haskins, Richard L.
Carl, Charles L., Jr.	Hathcock, Milton T.
Carlin, John T., Jr.	Heckman, Robert J.
Carlson, Kenneth L., Jr.	Hedrich, Charles L.
Carr, Robert G.	Hendricks, Jack M.
Carson, Joe W.	Hendricks, Roy L.
Cassie, Lawrence	Hendricks, Thomas B.
Castleberry, Noble R.	Hillhouse, William C.
Cedarstaff, Carl A.	Hoffman, Richard P.
Chandler, Neil B.	Hofmann, Clifford H.
Chastain, Edward C.	Hogle, Walter D.
Chatterton, Edward M.	Hohe, Joseph D.
Cislo, Walter J.	Holdridge, Oscar A.
Clark, "J" "B"	Holzinger, John J.
Clark, Lloyd E.	Hornbuckle, John D.
Clarke, George E., Jr.	Hornick, James F.
Cochrane, James E.	Huffman, James W.
Coke, Carroll E.	Hughes, John C.
Correll, James A.	Hughes, Raymond F.
Cote, Roland F.	Hutchins, Elmer S., Jr.
Cox, James H.	Hyatt, Gerald C.
Creel, Winford L.	Isebrands, Arthur B.
Crisler, Clifton C.	Jaggard, Joseph F.
Davenport, William K.	Jacobs, Meredith D.
Deming, Robert L.	James, Howard L.
Dersham, Dayton L.	Jensen, Dana C.
Dick, Gene R.	Johnson, Charles J.
Dickerson, Roy E.	Johnson, Roland L.
Disney, Charles	Jones, John D.
Dodson, Ola A.	Jones, Willard E.
Dolan, John	Jones, William W.
Donahue, Donald J.	Jordan, Robert L.
Dore, John C.	Julius, Paul A., Jr.
	Kamperschroer, Glenn N.

Kellner, Edward J.	Peacock, Virgil N.
Kemske, William M.	Pehosh, Nicholas
Kesterson, Joseph A.	Pelkey, Frank D.
Ketels, Yung H.	Pendleton, Edmund P., Jr.
Ketterer, Frank R.	Perkins, Daniel J.
Kimble, Kenneth K.	Perry, Roy L.
Kimbrough, Edward L.	Peters, Randolph
King, Alfred E.	Peterson, Donald L.
Kinnie, Phillip B., Jr.	Peterson, Richard N.
Kitch, Dale	Pettigrew, Melvin N.
Kliem, Arnold W.	Pierce, Burton M.
Knight, Edwin L., Jr.	Pike, Clifford L., Jr.
Koehler, Merle H.	Pink, William E.
Koenig, Robert L.	Player, Charles E.
Kosley, Andy D.	Plummer, Willis R.
Kraft, James R.	Powell, Claudious A., Jr.
Kremsner, Carl J.	Powell, Morrison, Jr.
Kubovsak, Joseph E.	Powers, Kenneth W.
Kulik, Charles A.	Preston, William J.
Kunkel, Melvin L.	Probst, Richard W.
Kunold, Gerald J.	Proctor, Marlow
Kurrus, John B.	Putnam, Charles M.
Lamb, Gerald M.	Quicker, Joseph M.
Lamb, Harold E.	Radliff, Eugene J.
Landon, Stewart N.	Rathke, John E.
Largent, Gilbert M.	Reber, Forrest C.
Larrin, John A.	Reynolds, Dexter H., Jr.
Lasater, Marion H.	Roberts, Alvin E.
Lavel, Coy L., Jr.	Roberts, Clinton O.
Leach, Rudolph D.	Robinson, Paul
Leduc, Donald E.	Roche, Patrick J.
Lee, Willard	Ross, Ralph
Lewis, John A.	Saffell, Charles R.
Lindholm, Garth F.	Salamon, William
Luther, Bert S.	Saunders, James H. E.
Malley, James O.	Scales, John W., Jr.
Mann, Arthur M., Jr.	Scarlett, Bernard
Marlin, Richard E.	Schardein, Edgar A.
Martin, Robert J.	Schmidt, Christopher G., Jr.
Martin, Virgil, Jr.	Schneider, James M.
Martinez, Roy B.	Schuman, Daniel D.
Mathews, Donald B.	Scott, Lawrence J.
Mattox, Lewis E.	Shaffer, Charles T.
McBride, Gene	Shaw, Henry C.
McFarland, Archie P.	Shultz, Robert C.
McGowen, George F.	Sleeper, Joseph R.
McKellips, Charles M.	Sluss, Charles S.
McKimens, Paul K.	Smith, Charles S.
McKinley, Robert N.	Smith, David N.
McKnight, William N.	Smith, George D.
McMahill, Thomas A., Jr.	Smith, Henry A.
McMurray, Robert L.	Smith, James E.
McNease, Sollie, Jr.	Smith, Randall C.
Megil, Thomas L.	Smith, Roy B.
Melvin, Van	Specht, Kenneth W.
Meyer, Harry W.	Spencer, Robert R.
Mikesell, Robert H.	Stanton, Robert E.
Milne, Douglas S.	Steadman, Joseph D.
Minard, Glenn F., Jr.	Steagall, Inman
Minges, Edward H.	Steele, Olson R.
Minor, Robert G.	Stiles, Roger L.
Mitchell, Harold J.	Stowers, Bernard L.
Mitchell, Robert F.	Stuart, Edward W.
Moniot, James L.	Talley, Richard M.
Morton, Joseph W.	Tarkington, Dewey A.
Moss, Clarence D.	Taylor, Harley V.
Munger, Robert H.	Teagle, Fred J.
Murphy, William J.	Teal, Roy A.
Murray, Douglas L.	Tenerowicz, Walter J.
Myers, Paul R., Jr.	Terry, Donald L.
Myers, Wayne E.	Terry, James
Myers, William H.	Thomas, Richard E.
Nadal, Jaime B.	Thomas, Robert C.
Neely, Benjamin C.	Thomas, Welcome J.
Neil, Richard C.	Thompson, Robert J.
Nelson, Warren H.	Thornley, Robert, Jr.
Newton, Killrairie, Jr.	Thornton, Terrence E.
Nicholas, Harry J.	Torres, Edward G.
Nicholas, Robert M.	Trivett, Donald H.
Nichols, William E.	Tuegh, David E.
Nickens, Samuel L.	Turetz, Richard
Oakes, Glenn N.	Turner, Jack D.
Oates, Bob, Jr.	VanArtsdalen, John P.
Olmsted, Andrew R.	Varnado, Richard A.
Olmsted, Stanley H.	Ventresca, Arthur
Orr, Charles P.	Wagner, Charles P., Jr.
Pace, James C., Jr.	Walker, Robert O.
Page, Harold D.	
Parrish, Solomon A.	
Patton, Kuemen B.	









# Digest of CONGRESSIONAL PROCEEDINGS

## OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
(For information  
only, should not  
be quoted or cited)

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For actions of August 11, 1961  
87th-1st, No. 138

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**HIGHLIGHTS.** Senate debated foreign aid authorization bill. Sens. Aiken and Keating criticized feed grains program. Senate committee voted to report bill to establish Department of Urban Affairs and Housing. Sen. Stennis introduced and discussed bill to authorize USDA cooperation with States in forest research.

### SENATE

- 1. FOREIGN AID.** Continued debate on S. 1933, the foreign aid authorization bill (pp. 14440-1, ~~14475~~, 14477-555, 14559, 14566-71). By a vote of 39 to 56, rejected an amendment by Sen. Byrd, Va., which would have provided for financing development loans by appropriations authorized annually by Congress rather than by long-term borrowing authority as provided in the bill (pp. 14477-555). Pending at adjournment was an amendment by Sen. Saltonstall, for himself and Sens. Keating, Bush, Dodd, and Morton, to provide for congressional approval of development loans in excess of \$10,000,000 (p. 14555).
- 2. FARM PROGRAM.** Sen. Keating criticized the feed grains program, stated that the latest USDA report on the estimate for the 1961 corn crop "cast a shadow... over the long-boasted success of the administration's emergency feed grain program for 1961," and urged the establishment of a joint congressional Study Commission on Agriculture. Sen. Aiken stated that Sen. Keating's remarks



illustrated why "there was such a rush to enact legislation restricting corn production before these estimates came out" and suggested that "You have not seen anything yet. Wait until you get the October and November estimates. Then you will realize how futile this program is." p. 14465

3. HOUSING. The Government Operations Committee voted to report (but did not actually report) with amendments S. 1633, to provide for the creation of a Department of Urban Affairs and Housing. p. D695
4. EDUCATION. The Labor and Public Welfare Committee voted to report (but did not actually report) without amendment S. 2393, to extend for 1 year authority for Federal assistance for schools in federally impacted areas. p. D696  
Sens. Engle, Javits and Morse urged enactment of legislation for this purpose. pp. 14475, 14562-5
5. FARM CREDIT. The Subcommittee on Agricultural Credit and Rural Electrification voted to report to the full Agriculture Committee with amendments S. 1927, to clarify and simplify the lending operations of institutions regulated by the Farm Credit Administration. p. D695
6. FARM LABOR. Sen. Williams, N. J., commended the "constructive thinking and planning of a New Jersey voluntary health agency in ways to improve health services for and health conditions of migratory farm families," and urged enactment of legislation to provide Federal assistance for health services for migratory farm families. p. 14474
7. CORN. Sen. Mundt stated that drought conditions were not as severe in S. Dak. as had been pictured recently and inserted an article on the scenic attractions of the State, "South Dakota's Corn Palace Recalls Flamboyant Times." pp. 14561-2
8. MANPOWER RESOURCES. Sen. Javits submitted an amendment intended to be proposed to S. 1991, the proposed Manpower Development and Training Act of 1961, to authorize the National Advisory Committee which would be established under the bill to encourage and assist in the organization on a plant, community, regional or industry basis of labor-management-public committees. Sen. Javits stated that "Such local committees would provide the local initiative which is essential for the success of the manpower development and training program and also for achieving an increase in the rate of productivity growth in the United States." pp. 14572
9. FISH FLOUR. Sen. Saltonstall discussed the use of a new product, fish flour, saying, "All of our studies indicate that this powder is the cheapest source of animal protein in the world", and inserting the "Summary and Conclusions" of a scientific survey of its use. p. 14447
10. IMPORTS. Sen. Bennett suggested that the U. S. "invoke the Trading With the Enemy Act, and break off all trade with Cuba," and inserted an article, "President Pleads for Prudence--Impatient Nation Taking on Belligerent Mood." pp. 14447-8



11. TRANSPORTATION. Sen. Metcalf discussed railroad mergers, saying, "I believe... the public interest requires that the Congress take greater interest in these merger proposals," and inserting two articles, "Merger Movement of 1960's-- Shall Rail Consolidations Be Left to the Bankers" and "The Merger Mania and You." pp. 14449-55
12. SURPLUS FOOD. Sen. Symington inserted an article, "Surplus U. S. Food Creates Jobs in Underdeveloped Countries, Important Foreign Policy Tool--Commodities Being Used for Wages in Bootstrap Operations in Seven Nations--Shipments Stepped Up Sixfold in First 6 Months of This Year." pp. 14472-3
13. ELECTRIFICATION. Sen. Metcalf inserted a list of major hydroelectric power project licenses which are expiring through 1971. pp. 14560-1
14. ADJOURNED until Mon., Aug. 14. p. 14573

#### HOUSE

15. FOREIGN AID. As reported by the Foreign Affairs Committee (see Digest 134) H. R. 8400, the foreign aid authorization bill, includes provisions as follows:
  - Authorizes the President to make development loans to promote the economic development of the less-developed countries and areas, and authorizes him to borrow from the Treasury \$900 million in fiscal year 1962 and up to \$1,600 million in each of the next 4 fiscal years for this purpose.
  - Authorizes \$380 million for the fiscal year 1962 for development grants and technical cooperation for aiding underdeveloped nations.
  - Authorizes loans of foreign currencies for associations of operators of small farms in underdeveloped friendly nations to provide assistance in improving agricultural methods and techniques. Total loans may not exceed \$25 million in local currencies or more than \$25,000 at any one time to any association.
  - Requires that wherever the President determines that the economy of any country receiving assistance is basically agrarian at least half of our assistance by dollar value to that country will be furnished through programs that will directly or indirectly reach the farmers and villagers.
  - Exempts from the 50-50 cargo preference shipping requirements (for shipping on U. S. Flag vessels) the transportation between foreign countries of goods purchased with foreign currencies acquired under this bill or under Public Law 480 and exempts the shipment of fresh fruits and their products under this bill.
  - Prohibits use of funds authorized by the bill for the purchase of bulk commodities at prices higher than the prevailing market price in the U. S., adjusted for differences in transportation costs, quality, and terms of payment. The exclusion from this prohibition of the purchase of raw cotton in bales is not continued in the law.
  - Directs the President insofar as practicable to authorize purchase of surplus agricultural commodities in the U. S. only, except when not available to meet the requirements of recipients.
  - Provides that, with respect to development loans, development grants and supporting assistance, funds in excess of \$100,000 cannot be obligated until engineering, financial, and other plans necessary to carry out the project have been completed and there is a reasonably firm estimate of the cost of the project to the U. S., and, in the case of water or related land resource construction projects, plans must include a computation of benefits and costs made insofar as practicable in accordance with Budget Bureau procedures for such projects in the U. S.



Includes administrative provisions for carrying out the provisions of the bill, including authority for creation of a new agency with responsibility for non-military foreign aid functions, the abolition of the International Cooperation Administration and transfer of its personnel, property, etc., to the new agency, and transfer to the new agency of the Export-Import Bank's assets and liabilities under sec. 104 (e) of Public Law 480 which makes available for loans to private business abroad up to 25 percent of the foreign currencies received from the sales of surplus agricultural commodities.

Provides for the repeal of the provisions of the Mutual Security Act of 1954, as amended, except for certain specified sections. One section continued in force is section 402 which provides for earmarking \$175 million of foreign aid funds in fiscal year 1961 for financing the export and sale for foreign currencies or the grant of surplus agricultural commodities.

Although this provision which applied to fiscal 1961 is now obsolete, this section also contains authority for the subsequent use of the foreign currencies received for surplus commodities, as well as a statement that such commodities available for transfer abroad may also be made available to the maximum extent practicable to eligible domestic recipients or to needy persons in the U. S. Another section continued in force is section 502 (a) which provides authority for certain uses of foreign currency accruing under the provisions of section 550 of the Mutual Security Act of 1951, as amended, which provided for the sale of surplus agricultural commodities for foreign currency.

Amends the act under which the U. S. participates in the Food and Agriculture Organization (FAO) so as to remove the limitation of \$3 million as the maximum annual contribution the U. S. may make to the organization. The limitation providing that the U. S. may not contribute more than 33.33 percent annually to the total budget of the organization is retained.

#### ITEMS IN APPENDIX

16. YOUTH CONSERVATION CORPS. Extension of remarks of Sen. Metcalf in support of S. 404, the Youth Conservation Corps bill, inserting an article, "Should Congress Revive the Civilian Conservation Corps?" pp. A6300-1

#### BILLS INTRODUCED

17. FORESTRY. S. 2403, by Sen. Stennis (for himself and Sen. Eastland), to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, to Agriculture and Forestry Committee. Remarks of author, pp. 14436-7.
18. PROPERTY. S. 2409, by Sen. Humphrey, to provide that certain surplus property of the U. S. shall be offered for sale to the States; to Government Operations Committee. Remarks of author, pp. 14437-8.



him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. JAVITS (for himself, Mr. BUSH, Mr. BEALL, Mr. BOGGS, Mr. COOPER, Mr. KEATING, Mr. KUCHEL, Mr. MILLER, Mrs. SMITH, Mr. SCOTT, and Mr. TOWER) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1983, supra, which was ordered to lie on the table and be printed.

#### NOTICE OF HEARING ON NOMINATION OF GEORGE W. MITCHELL TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Mr. ROBERTSON. Mr. President, as chairman of the Committee on Banking and Currency, I desire to give notice that a public hearing has been scheduled for Tuesday, August 15, 1961, at 10 a.m., in room 5302 New Senate Office Building, on the nomination of George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1948, vice M. S. Szymczak, resigned.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

#### NOTICE CONCERNING CERTAIN NOMINATIONS BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nomination has been received and is now pending before the Committee on the Judiciary:

William H. Terrill, to be U.S. marshal for the district of Colorado, for a term of 4 years, vice Tom O. Kimball.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Friday, August 18, 1961, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearings which may be scheduled.

#### ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. METCALF:

Series of articles concerning Senator MIKE MANSFIELD, of Montana, written by L. M. Berniere and published by United Features Syndicate.

Article by him on Youth Conservation Corps, published in the American Legion magazine of August 1961; letter to him from William J. Lederer, chairman, Veterans Ad-

visory Commission, city of Philadelphia, on same subject.

By Mr. BYRD of Virginia:

Editorial entitled "Indecisive Dealer," published in the Wall Street Journal of recent date, relating to aid to Latin America.

Editorial concerning Waldo G. Miles, of Bristol, published in the Bristol Herald-Courier.

By Mr. KEFAUVER:

Article entitled "Defending Our Cultural Heritage," written by Sami Kirdar and published in the NATO Letter of July 1961.

By Mr. STENNIS:

Article entitled "The Tightening Noose," by Brig. Gen. J. D. Hittle, U.S. Marine Corps (retired), director of national security and foreign affairs, VFW, published in the VFW American Security Reporter, July issue.

By Mr. HILL:

Report of the John A. Hartford Foundation, Inc., of 1960.

#### THE NATURE OF COMMUNISM

Mr. THURMOND. Mr. President, on Sunday, August 6, there appeared in the Washington Post an editorial entitled "What's in a Label?" The editorial is very significant, in that it is a treatment or comparison of socialism and communism. As is pointed out in the editorial, this discussion of the relationship of socialism and communism was occasioned by remarks of mine directed to that subject in a discussion concerning the insidious campaign to censor and gag the military. I have discussed this subject on the floor of the Senate on July 26, 29, and 31, and on August 2, 4, and 10.

Mr. President, I consider it an urgent need that the people of the United States understand the total nature of communism; and this entails a clear understanding of the many points of similarity between communism and Marxist socialism. Without such a complete understanding, the American people will not be able to anticipate and judge the attitude of Marxist-socialists toward Sino-Soviet communism.

Because this matter is one that bears strongly on the need for public information on the total nature of communism and the menace of the cold war, I replied by letter to the editor of the Washington Post, in order to clarify and further discuss this subject. I ask unanimous consent that my letter of reply to the editor of the Washington Post be printed in the RECORD following my remarks; and I also ask that following my reply, the Washington Post editorial of August 6, 1961, entitled "What's in a Label?" be also printed in the CONGRESSIONAL RECORD. The Washington Post has not yet printed my letter to the editor, but I hope it will do so.

There being no objection, the letter and the editorial were ordered to be printed in the RECORD, as follows:

AUGUST 8, 1961.

Mr. J. R. WIGGINS,  
Editor, the Washington Post,  
Washington, D.C.

DEAR MR. WIGGINS: Your interest in informing the public about the specific nature of communism, and, as you conclude, its point of difference with socialism, as evidenced by your editorial of August 6, 1961, "What's in a Label?" is of great import, and I request that you print this letter in which

I shall attempt to demonstrate the relationship of communism and socialism as I understand it.

As you so candidly admitted in your editorial, both socialism and communism derive from the teachings of Marx and Engels. In fact, the movements were one until the split over methods of approach, which resulted after the Russian revolution in 1905. The course of what we now call "Communists" was called revolutionary, and the course of what you labeled "Socialist Democrats" was called reformist. The aim and purpose of both was then and is now world socialism, which communism seeks to achieve through revolution and which Socialists seek to achieve through evolution.

The industrial achievements of the United States are the result of an economic system which is the antithesis of socialism. Our economic system is called capitalism or private enterprise and is based on private property rights, the profit motive and competition. The advantages of the system are not confined to economic benefits, however, for it embodies the economic freedom essential to the preservation and maintenance of political liberty, which you choose to call civil liberties. In practice, liberty is indivisible. The economic aspects of liberty provide the means for the exercise and enjoyment of the political aspects of liberty.

Both communism and socialism seek to destroy our economic system and replace it with socialism; and their success, whether through evolution by socialism or through revolution by communism, or a combination, will destroy not only our economic system, but our liberty, including the civil aspects, as well. As you pointed out in your editorial, but skirted in attempting to illustrate, our economic system has now become diluted with portions of socialism.

It is impossible to escape the conclusion that there are those among our society, even in the Government and the press, who are Marxist Socialists. The Socialists here, as in many European countries, have given up hope of destroying private property by means of nationalization, but seek the same direct end by the process of governmental regulation and control. In an article published in *Masses and Mainstream* in July of 1956, a Socialist writer, G. D. H. Cole, reviews the common ground of socialism and communism, and the first point made is that all Socialists and Communists "are all against capitalism—that is against private exploitation of the world's resources, and all those who work upon them for the pursuit of private profit."

Since Marxist Socialists share the ultimate goal of the Communists', their opposition to communism is limited. They oppose the use of armed forces by Communist nations to promote world socialism, for they consider it an unnecessary waste; they believe world socialism can be achieved through evolution. The Socialists do not oppose subversion, however, for it can promote the evolutionary process. The Socialists also oppose any step by the free world which could lead to war, for again they consider it a waste. In their estimation, world socialism is inevitable. This they share with the Communists.

Within our own country, the Socialists support anticommunism only so long as it is aimed exclusively at the Communist armed threat. They want world socialism controlled by themselves, not Russians or Chinese.

The biggest stumbling block to world socialism, from either revolutionary or evolutionary methods, is the political and economic structure of the United States, diluted to some extent with socialism as it is. It serves the Socialist as well as the Communist cause, and their common purpose,



to weaken this structure. This is the reason why Socialists in this country attempt without cessation, all too often successfully, to frustrate policies designed to strengthen our system and our country.

Nationalism is as much an anathema to socialism as it is to communism, for both communism and socialism seek a world order rather than a national order. Domesticated Socialists are therefore always found in the ranks of the one-worlders.

Socialism joins with communism in discouraging the inculcation of patriotism, for patriotism is a form of nationalism which impedes the establishment of world, or international, socialism.

It should be apparent then, that the common ground of socialism and communism is a factor to which the American people should be alerted. Without a clear understanding that communism is socialism, with but a revolutionary rather than an evolutionary approach, the total threat and menace of the cold war, which is psychological, as well as subversive, political, economic, diplomatic, and military in nature, can never be comprehended and fought to victory.

Sincerely,

STROM THURMOND.

[From the Washington Post, Aug. 6, 1961]

#### WHAT'S IN A LABEL?

In his championship of the teaching of truth in the military services, Senator STROM THURMOND has made the point that socialism and communism are synonymous. If this were indeed true—if the millions of people around the world who call themselves Socialists were indistinguishable from the Communists—then the United States would have an incredibly more difficult task in the defense of freedom. Fortunately for this country in the struggle it faces, any such simple definition betrays a gross misunderstanding of reality.

It is true that both socialism and communism are thought to owe their modern-day incarnations to the same prophets, Karl Marx and Friedrich Engels. It is true that until the time of Lenin the world Socialist movement was more or less united, with various prickly offshoots. But at the time of the Bolshevik revolution the movement was split irreparably asunder. Although the Communist countries call themselves Socialist, and although some democratic Socialists elsewhere still pay obeisance to Marx and still advocate governmental ownership of the means of heavy production, there the similarities cease.

The most meaningful difference between present-day Social Democrats and the Communists is of course over civil liberties. Democratic Socialists uphold democratic methods and the rights of the individual. The Communists proceed by conspiracy, violence and the knock on the door. This distinction is fundamental.

Individual Socialist Parties vary in their ideologies. Some, particularly in Western Europe, have divested themselves of their Marxist class-warfare trappings and of their belief in nationalization as a panacea. Others, as in the case of the majority Socialist movements in Japan and Italy, have rather woolly fringes.

But in the main, the democratic Socialist Parties are today among the strongest and most effective opponents of communism—a fact that Mr. Khrushchev has recognized with the special ire he reserves for the Social Democrats. Communism has no fiercer foe, for example, than Norman Thomas, the long-time American Socialist presidential candidate and a dedicated democrat and civil libertarian. West Berlin Mayor Willy Brandt has proved his credentials in the defense of freedom.

In economic philosophy most of us in the United States prefer the private enterprise system, for we believe that it provides the

greatest stimulus to expansion and improvement of the general standard of living. But even here, our labels and slogans sometimes depart from the facts. What we have is a far reach from the laissez-faire of Adam Smith; it is a thoroughly mixed and regulated system in which private and public enterprise are functional and complementary.

In the process we have acquired some facets of what Mr. THURMOND might call socialism, because the Government undertakes to provide for the general benefit. Conspicuous examples are the Post Office and the Atomic Energy Commission—and the Armed Forces, in which both Senator THURMOND and his like-minded companion, Senator GOLDWATER, hold Reserve commissions as general officers. Few persons would think that these functions should be turned over to private enterprise, whatever the criticisms of governmental efficiency.

Much the same pattern prevails in other developed non-Communist countries. In such an indubitably free enterprise nation as West Germany, for example, the railroads, telephone and telegraph long have been government-owned. In nominally Socialist Scandinavia, the private businessman is altogether at home and finds substantially the same encouragements as in the United States.

In underdeveloped countries, too, the patterns are very mixed. Many of the new governments proclaim themselves Socialist, for sentimental as well as practical reasons. Socialism has an egalitarian and anticolonial connotation. More than this, in poor countries which are not yet attractive to foreign private investment, government is often the only substantial source of capital. Yet in Socialist India the public sector is still much smaller, proportionately, than in the free enterprise United States; and the private sector in India has been growing with encouraging vigor.

There is a truly enormous distinction between such system and the system found in the Communist bloc—a system that amounts to tyranny, whatever it is called. Civil liberties, free elections, responsive constitutional government—these, rather than economic labels, are the really essential elements in the battle.

The danger in the sort of labeling in which Mr. THURMOND has engaged is that it confuses understanding of the nature of the real foe. By lumping together not merely the democratic Socialists, but also social welfare legislation as extensions of communism, Mr. THURMOND insults millions of freedom-loving individuals and confers on the Communists allies which they in no sense possess.

#### FOREIGN ASSISTANCE ACT OF 1961

Mr. McNAMARA. Mr. President, several days ago I offered an amendment to the pending bill. This proposed amendment has received some publicity in the newspapers of my home State, and elsewhere.

Various newspaper editors, who in the past have had an uncanny knack for being wrong, have imputed various motives to my action.

I am not unduly disturbed by their unfavorable comments, since their editorial "advice" has usually been a pretty good indication of what not to do. In fact, whenever they comment favorably upon some action of mine, my suspicions are aroused and I carefully reexamine my position for possible error.

However, for the RECORD of this body, I feel obligated to state my position on this matter more fully.

The amendment I proposed would eliminate all economic assistance from the pending measure, S. 1983.

I offered this amendment to call attention as forcibly as I can to some recent developments that have greatly disturbed me.

Two weeks ago President Kennedy went before the people of this country with a stepped-up program of military preparedness to meet the increasing Communist challenge to our liberties in Berlin and elsewhere.

The response of the Congress to his request has been swift and overwhelming.

However, hardly had the President finished his televised address to the Nation than demands began to arise from members of the opposition party and others for a cutback in our program to develop and strengthen the domestic economy.

These demands were made on the specious grounds that the United States of America, the richest nation on earth, could not afford both the military build-up needed to protect us against our enemies abroad and the social and economic programs necessary to make us strong at home.

These demands for domestic cutbacks, incidentally, occurred at a time when major portions of the administration's domestic program remain to be acted upon by the Congress.

It should be noted that we have made some substantial progress with this domestic program. We have enacted a new minimum wage law, extending coverage to 3.6 million additional workers. We have enacted an important new housing law. We have enacted legislation designed to aid economically depressed areas through an area redevelopment program. We have made some progress in liberalizing the social security program. We have enacted a water pollution control law. We have extended the temporary unemployment compensation program.

However, we still have much important, unfinished legislative business relating to the domestic economy. We have done nothing about providing a realistic program of medical care for our elderly citizens through the social security system.

Federal aid to education has bogged down in the parliamentary process and its prospects for passage have diminished. The importance of Federal aid for school construction and teachers salaries cannot be overemphasized.

I do not believe that we have made sufficient progress in meeting head on the problem of unemployment.

In his most recent report, the Secretary of Labor notes that unemployment in the United States has increased by 1,123,000 over the month of July one year ago.

The problem of the hard-core chronic unemployed remains with us. According to the Secretary of Labor, the number of workers unemployed for 6 months or longer increased during the month of July 1961, by nearly 100,000 over the previous month to a total of 1,026,000.

Secretary Goldberg also reported a small increase rate of unemployment to



the total work force from 6.8 percent in June of this year to 6.9 percent in July.

He further noted that the number of major population areas, rated as having substantial unemployment with 6 percent or more of the available labor force out of work, remains at 88, which is unchanged from last month.

Further, when I offered by amendment, I felt that the administration had not made the case it should have made for foreign economic aid.

Happily, the great address by the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] in support of S. 1963 on August 4 has resolved many of my doubts on this score.

It was a forceful and eloquent presentation, and I listened to it with keen appreciation and great admiration.

However, in rereading the RECORD certain questions occur to me that I should like to address to the distinguished chairman of the Foreign Relations Committee.

The Senator, in his presentation, stated that under this bill it will be our aim—and I quote—"to provide succor for the needy, the materially and spiritually deprived majority of mankind."

He speaks of "a pulse of sympathy" and "an instinct of compassion" that has figured prominently in the foreign relations of our country since the founding of the Republic.

It is often said that half the people in this world go to bed hungry every night. I sympathize with this situation, but I submit that too many of these hungry people live in the United States.

Would not the Senator agree that this same "instinct for compassion," this same "pulse of sympathy" should be directed toward the underfed, toward the millions of unemployed workers and their families—the elderly who cannot afford the medical care they so desperately need—the children who are being short-changed on their education—all of whom are citizens and residents of the United States?

In his fine address, the Senator from Arkansas referred to section 201A of the bill which states in part:

Loans shall be made only upon a finding of reasonable prospects of repayment.

The Senator notes that all loans extended under the new authority must be repaid in dollars over terms of up to 50 years.

I wonder how these countries will obtain these American dollars, and how this process will affect unemployment in this country?

It is my understanding that the economic assistance funds will be directed largely to the underdeveloped nations of Asia, Africa, and South America. I know that our foreign aid funds in the past have been used to rebuild the war-ravaged economies of Europe, to the point that in most cases of these countries today the economies are flourishing, the unemployment rate is extremely low, and, indeed, in most cases these countries are experiencing labor shortages.

I wonder if the Senator could tell me whether economic assistance under this bill will be directed to any European countries and, if so, which ones?

It is my understanding that we are now sending assistance, either economic or military, or a combination of both, to some 97 nations out of 110 and the question naturally arises, when will it end? And where?

I should like to ask the distinguished Senator from Arkansas one final question.

It has been stated that we now have in the "foreign aid pipeline" some \$5 billion that has not been expended.

If this indeed is the case, if this \$5 billions is uncommitted, would it not be reasonable to declare a 1-year moratorium on foreign economic assistance and use the money to strengthen our own economy—for Federal aid to education, for medical care for the aged, and for measures designed to stimulate the American economy and increase employment opportunities for our own people?

I should like to say that in the remaining period of this session we must demonstrate to the American people and to the world that we can and must afford both the necessary military buildup the President has requested, and the strengthening of the domestic economy he has, with equal urgency, demanded.

We must demonstrate to the people that not only can we afford both military strength and domestic welfare, but also that the strength of the domestic economy is an indispensable basis of any strength—military, diplomatic, or other.

In conclusion, I should like to summarize the reasons I offered the amendment that is now lying on the desk.

First, I wish to express my dissatisfaction with the progress, or lack of it, in the important area of domestic legislation.

Second, I wished to emphasize that foreign aid, whether it be military or domestic, will do us no good unless we are strong at home.

Third, I wish to serve notice that I do not buy the specious argument that necessary progress on the domestic front must be sacrificed to the military buildup.

I believe most strongly that we can and must do both. With our great productive capacity, our technical know-how, our enormous natural resources, and the basic strength and devotion of our people, there is no question as to our ability to handle both jobs.

On this point I am in complete agreement with the President and with the distinguished chairman of the Foreign Relations Committee.

I hope that by pointing up the possibility of eliminating economic assistance completely I have demonstrated the absolute necessity for making America strong at home.

Because if we cannot take care of our people here at home, we will never be successful abroad. If we really want to protect our freedom and extend the concepts of democracy throughout the world—as I know we do—then we must take the necessary steps to strengthen our economy at home, too.

Believing that we can and will do both of these two important jobs—strengthen our own economy and help our friends

throughout the world—I now state for the RECORD that my amendment will in all probability not be called up.

#### THE DRUG INDUSTRY

Mr. DIRKSEN. Mr. President, Senate bill 1552, known as the Drug Industry Antitrust Act, is pending before the U.S. Senate Antitrust and Monopoly Subcommittee, of which I am the ranking Republican member. Thus far, we have had some hearings. Additional hearings will be held in the future.

From the many letters I have received, there is one in particular that tells a significant story. The letter was written by Dr. Melville Sahyun, president of Sahyun Laboratories, Santa Barbara, Calif. This company is not one of the major drug manufacturers, and to me that fact makes his letter the more important. I ask unanimous consent that the letter and also a statement by Dr. Sahyun be printed in the RECORD in connection with my remarks. I also ask unanimous consent to have printed at this point in the RECORD a speech by John T. Connor, president of Merck & Co., before the National Academy of Sciences, National Research Council, Patent Symposium. The speech is entitled "Patents and the Conquest of Disease," and it was delivered on June 14, 1961, at Washington, D.C. I also ask unanimous consent to have printed at this point in the RECORD a letter to me from Mr. W. B. Reynolds, vice president of General Mills, Inc. commenting on the patent aspects of the Senate bill 1552.

There being no objection, the letters and the statement were ordered to be printed in the RECORD, as follows:

SAHYUN LABORATORIES,  
Santa Barbara, Calif., August 1, 1961.  
Hon. EVERETT M. DIRKSEN,  
U.S. Senate,  
Washington, D.C.

MY DEAR SENATOR DIRKSEN: This is with reference to bill S. 1552 introduced by Senator KEFAUVER, which was read twice and referred to the Committee on the Judiciary. It may be cited as the Drug Industry Act.

I am enclosing for your consideration my comments on bill S. 1552. Therein I present my reasons why the bill must be defeated.

Herein, I wish to submit my opinion as a scientist, with a Ph. D. from Stanford University, and as an inventor with 38 years of experience in research and development of new drugs.

As a scientist, I have to my credit some 80 scientific publications in such journals as the Journal of Biological Chemistry, Journal of the American Chemical Society, Journal of the American Medical Association, Journal of Pharmacology & Experimental Therapeutics, Archives of Medicine, American Journal of Physiology, Journal of Infectious Diseases, etc. I have also authored and edited two books, one of which was selected by the American Society of Librarians as one of the best 100 books of 1948.

As an inventor, I have been granted some 40 U.S. patents, 25 of which were obtained during the past 10 years.

I have introduced several outstanding ethical drugs, many of which are widely used throughout the world. Some of these are:



Crystalline insulin (first). Tradename, Zinc Insulin Crystals. Research and development of this product, 1923-38.

Amino acids (first). Tradename, Parenamine. Research and development, 1933-41.

Protein preparation (first). Tradename, Essenaminate. Research and development, 1937-44.

Ferrous gluconate (treatment of iron deficiency anemia). Trade name, Fergon. Research and development, 1936-40.

Isuprel (treatment of asthma). Research and development, 1943-47.

Tyzine (nasal preparation for treatment of colds and allergies). Research and development, 1952-55.

Visine (ophthalmic preparation). Research and development, 1952-55.

Daricon (treatment of ulcers and intestinal pain). Research and development, 1953-58.

In 1950, I established my own research institution, Sahyun Laboratories, in Santa Barbara, Calif., which I devote entirely to creative research and development in medicinal chemistry and nutrition. I have 10 individuals on my staff, with some 30 dependents. Sahyun Laboratories is an independent institution supported financially entirely from earned and advanced royalties.

Needless to state, in the research and development of a new drug, or, as a matter of fact, of any new and useful article, there is considerable investment in capital, effort, time, and equipment. There is also considerable risk. Ideas for a new product are worthless unless they can be translated into useful commodities that are better and have decided advantages over existing similar commodities. In research and development, my staff and I are in friendly competition with research institutions that outnumber us in personnel, and who have tremendous financial backing at their disposal. Nevertheless, realizing all the obvious and numerous disadvantages, I was willing to take the risk for the following reasons:

1. Attain the realization of a dream that I could do outstanding independent work in my selected profession.

2. Work in a pleasant environment.

3. Contribute to my welfare, the welfare of my associates, and the welfare of society.

4. Succeed in my venture despite competition.

5. Enjoy freedom of choice in my work.

I am guaranteed this freedom of work and free enterprise by the Constitution, article 1, section 8. My philosophy of life is:

To gain my livelihood and that of my family in a free society by making use of God's gifts; thus benefiting myself, my neighbor, and my country.

In order to remain solvent and continue the operation of my research institution, it is mandatory that I find a market for my inventions, either by marketing my own inventions, or by granting an exclusive license to a second party to manufacture and market them.

Briefly, to market my own invention, or any patentable new drug, requires a large investment in property, equipment, technical staff, professional help, legal staff, sales force, labor force, etc. All this is beyond my financial ability.

Hence, the other alternative is to grant an exclusive license on a royalty basis. To expedite matters, I find it advantageous to grant an option for an exclusive license, provided the optionee will undertake, at his own expense, the cost of the required pharmacologic, toxicologic, and clinical studies for an effective new drug application. As a rule, the optionee is agreeable to such an arrangement provided I will grant him an exclusive license for the life of the patent—in other words, for 17 years.

If unbiased investigations disclose unfair practices within the drug industry which

lead to excessive high costs for drugs, there are adequate laws which provide for corrective measures. Punitive measures directed toward the entire industry and inventors of new drugs should not be the answer.

Only with an increase in the number of firms and individuals engaged in research and development, with the concomitant increase in competition, can better and less expensive drugs be provided for the public.

I might further add that I feel the enactment of this bill would stifle incentive in our youth to major in chemistry, medicinal chemistry, or allied sciences. There would be no freedom of enterprise as far as the drug industry and its allied fields are concerned.

In the event bill S. 1552 is enacted, I am strongly of the opinion that our freedom of enterprise, yours and mine, will be curtailed, and that article 1, section 8 of the Constitution will be erased forever.

Thus, I, for one, will have no other choice but to close the doors of my research institution and, along with my associates, join the army of the unemployed.

Therefore, I request your thoughtful and serious consideration of this proposed Drug Act. The welfare of the Nation's physically ill and afflicted, especially those unable to provide for themselves the proper medical care, should not be used to make a scape goat of an industry that has contributed more to the general well-being of the people of this Nation, and responded most generously to all appeals for medical aid from distressed nations, than any other industry.

I would like to borrow from Abraham Lincoln's "Fragments on the Constitution and the Union," written about 1860:

"Without the Constitution and the Union, we could not have attained the result; but even these are not the primary cause of our greater prosperity. There is something back of these, entwining itself more closely about the human heart. That something is the principle of 'Liberty to all'—the principle that clears the path for all—gives hope to all—and, by consequence, enterprise, and industry to all."

In conclusion, let us not fence with barbed wire the meadows of creative research in medicine and chemistry and set up costly tollgate fees to the paths that lead therein. These paths are already steep and tedious, but they are free to all. They are free to anyone who aspires to undertake the precipitous climb in order to roam in these meadows and bring back whatever fruit he can gather—to enjoy and distribute among his fellowmen—the fruit of prosperity, good health, goodwill, and industry.

Sincerely yours,

MELVIN SAHYUN, Ph. D.

COMMENTS ON CERTAIN ASPECTS OF KEFAUVER-CELLER BILL (S. 1552; H.R. 6245)

(By Melville Sahyun, Ph. D.)

COMMENTS ON BILL S. 1552

(A bill to amend and supplement the antitrust laws with respect to the manufacture and distribution of drugs, and for other purposes, and which may be cited as the Drug Industry Antitrust Act, hereafter referred to as the Drug Act.)

#### Scope of Drug Act

Section 201 of the food, drug, and cosmetic law defines the term "drug" as (1) articles recognized in the official U.S. Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; and (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals; and (3) articles (other than food) intended to affect the structure or any function of the body of man or other animals; and (4) articles intended for use as a com-

ponent of any articles specified in clause (1), (2), or (3); but does not include devices or their components, parts, or accessories.

Thus, it becomes apparent that the Drug Act is far reaching in scope as it embraces any chemical compound of utility to man or to animals. No chemical industry will be immune from the punitive measures provided by the Drug Act.

The Drug Act gives unlimited power to the Secretary of Health, Education, and Welfare, and to the Commissioner of Patents.

By the power given to the Secretary of Health, Education, and Welfare, he is the sole arbiter of the efficacy and safety of any drug or chemical compound of utility to man. Further, said "Secretary's determination or decision shall be accepted as conclusive and shall be sustained in any court if based upon a fair evaluation of the entire record before the Secretary."

Under certain conditions, the Drug Act authorizes the Commissioner of Patents, if he so desires, to confiscate the property of an inventor of a new drug, and virtually of any chemical industry in the United States, irrespective of constitutional rights.

Dictatorial powers, such as the Drug Act would grant to the Secretary of Health, Education, and Welfare, and to the Commissioner of Patents, are indeed contrary to our principles of democracy. It would give them almost complete jurisdiction over an entire industry.

#### Drug Act is discriminatory

Article 1, section 8 of the Constitution gives Congress the power:

"To promote the progress of science and useful arts, by securing for limited times to authors and inventors, the exclusive right to their respective writings and discoveries."

The Constitution makes no distinction among inventors. To the best of my knowledge, patent laws governing inventions of all kinds are fair and equitable, and, irrespective of race, color, or creed, a citizen of the United States is entitled to obtain a patent to protect his invention whether his invention relates to drugs, chemistry, physics, engineering, processing, or any other new and useful device.

The Drug Act is designed specifically to stifle inventions of new drugs; and, for the time being, to exempt all other inventions from the harsh and costly requirements it imposes.

Further, it is to be noted that it specifies in the case of a new drug that the term "effective date" means (a) the effective date of the application with respect thereto under section 505 of the act, and (b) in the case of any other drug, the date on which application was made for that patent.

Patent law clearly states that the duration of a patent is 17 years from the date on which the patent is issued, and not the date on which application is made for the patent, nor the date on which the new drug application becomes effective.

During the past 10 years, I have filed, through my patent attorney, more than 50 U.S. patent applications, and of these, some 25 patents have been granted. As a rule, it has been my experience that a patent application remains pending in the Patent Office for a period of not less than 3 years, i.e., from the date a patent application is officially filed to the official date of issuance.

Now then, the proposed Drug Act provides that:

"A patent (only for a new drug) shall be issued effective as of the date upon which the patent application therefore was duly filed by the prevailing party."

On page 6 of said Drug Act it states further:

"Every patent for a drug issued after the effective date of this paragraph shall contain a grant to the patentee, his heirs, or assigns, of the right to exclude others from making,



There are now and have been for some years a number of Americans citizens who are employed and reside in South and Central American countries. These individuals possess unique knowledge of the countries in which they live and are in daily contact with the business leaders and press, and government officials of the Latin American countries in which they live and work. They speak the language and know and understand the people.

Many of these Americans living abroad within our hemisphere are Reserve officers in our military services, a great number of them having served on active duty in wartime. Their residence and employment outside the United States have not dimmed nor diminished their desire and willingness to serve their country in any way that they can be of service.

In 1960, military officers conceived an idea to call some of these Reserve officers to active duty in the Panama Canal Zone for a 2-week period of intensive briefing concerning the Communist threat, in order to make these Reserve officers more aware of Communist tactics and methods so that they might recognize them. The unique potential for service to the United States of these Reserve officers is obvious. Once alerted and trained to recognize Communist tactics and moves, these Reserve officers would be in an excellent position both to offset Communist propaganda and keep our country informed as to the moves of the Communists and the reactions of officials and citizens in the particular Central or South American country in which they reside.

Approximately 100 officers were therefore called to active duty in the Panama Canal Zone for 2 weeks in 1960 and given an intensive course of instruction. Mr. President, this program, although limited in size, and in the nature of a pilot program, was tremendously successful.

In 1961, the military services of the United States proposed to repeat the 2-week seminars for Reserve officers residing in South and Central American countries on an expanded basis. It had great promise of success and, heaven knows, we needed it.

Mr. President, we hear much about the necessity for new ideas in meeting the Communist threat. We spend millions to obtain intelligence information concerning the efforts of our enemies—the Communists—going on in every country on the globe. We also spend a fortune through the U.S. Information Agency in an effort to present an unbiased and factual picture to the nations of South and Central America on the conflicts between our system and communism. Our military services, through their idea for seminars for these Reserve officers living in South and Central America, provide a refreshingly new approach, at once both uniquely effective and inexpensive. It is beyond my comprehension that there could be objections to such an endeavor. Mr. President, I regret to report that the planned and scheduled seminar in Panama for 1961, to alert Reserve officers living in South and Central America to the menace and tactics of communism, and to their peculiar opportunities for serv-

ice, was frustrated by virtue of a subtle modification of a Defense Department directive. This was done after the so-called Fulbright memorandum was presented to the President and the Secretary of Defense. This planned seminar could not be repeated on any basis in 1961. The military directives to which I refer are classified but can be easily checked by a duly authorized investigation directed by this body. Mr. President, this is one example of what gagging the military is doing to frustrate our efforts to combat the Communist menace, not only internally, but externally—in our own backyard—in an area of the world particularly sensitive today to the threat of world communism.

Mr. President, this is but one instance of the success of the conspiracy to gag the military, which itself is a part of an overall anti-anti-Communist campaign. There are many other instances, equally or more frustrating, to our efforts to thwart communism. I shall continue to discuss this matter and point out such instances in the days to follow.

Mr. President, this campaign to intimidate, discredit and frustrate our military officers in their efforts to combat communism must be reversed and defeated. If it is allowed to continue, our security will be just as seriously impaired as it would be were the weapons of our Armed Forces to be taken from them, bit by bit, and locked in warehouses. We cannot win the war against the Marxists with one hand tied behind our backs. When we succumb to this insidious campaign to muzzle our military leaders, we are weaving the thongs for our own bondage. The efforts of the anti-anti-Communist conspiracy must be nullified; and the primary weapon with which we have to fight is information concerning the total nature of the Communist menace. Now is the time to increase, not diminish or impair existing programs to alert the American people, in uniform and out.

#### EXHIBIT I

#### STRATEGY SEMINAR VIOLATES BAN ON PROPAGANDA GENERALS

(By Sam Kushner)

KANSAS CITY, Mo.—Are the Armed Forces whipping up support for a war policy in spite of the July 20 directive of the Defense Department which orders military personnel to get out of the propaganda business?

And is the Institute for American Strategy, an amalgam of military leaders, major industrialists and right-wing reactionaries, still a major vehicle for this poisonous propaganda as it has been since 1955?

The answer to both of these questions is yes, as one views the strategy seminar going on at Fort Leavenworth, 30 miles from Kansas City.

At the Command and General Staff College at Fort Leavenworth, 300 military men attended a 3-day seminar where they heard Dr. Paul Lineberger of Johns Hopkins University recall the intervention of the Marines in Mexico, Haiti and the Dominican Republic and suggest that the time is ripe for similar action against Cuba.

The seminar, under the auspices of the Institute for American Strategy and the Freedom Foundation of Valley Forge, is the first being held since the Defense Department directive was issued, and some new trimmings have been added to get around the military order.

The Freedom Foundation, closely linked with rightwingers, is now trotted out as a cosponsor for the seminar.

Maj. Gen. Harold K. Johnson, commandant of the staff college, in welcoming the seminar, took verbal cognizance of the Defense Department order, but said he had received clearance from higher authorities to hold the seminar under sponsorship of the two organizations. He stressed that "no one of us on the administrative side of this seminar is running for office."

To further circumvent the military directive, Col. William R. Kintner, from the office of the Army's Deputy Chief of Staff for Operations, wore civilian clothes when he made his speech on July 28, the first day of the 3-day seminar.

Tipping his hat to the direction of the military directive, the colonel criticized the Birch Society.

But his main fire was aimed at "the extreme liberals who say that if we could just solve our internal problems the threat of communism would go away."

But all were not as temperate as the colonel. Dr. Lev E. Dobriansky, of Georgetown University, a favorite of refugee groups from Socialist countries, did not hide his war sentiments. He called for concentrating against the Soviet Union.

Another speaker, Eugene Lyons, senior editor of the Reader's Digest, called for intervention in the internal affairs of the Socialist countries.

"Instead of waiting passively for them to harass us we should begin to harass them," Lyons declared.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SMATHERS. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum, the time for the quorum call not to be deducted from the time allotted to either side.

Mr. PASTORE. Mr. President, reserving the right to object, may I ask the distinguished acting majority leader if this will be a live quorum?

Mr. SMATHERS. It is not the intention of the acting majority leader to ask for a live quorum.

Mr. PASTORE. I withdraw my reservation of objection.

Mr. COTTON. Mr. President, reserving the right to object—and I shall not object—I expect to be in the Chamber during the day. If the 7 hours allocated for debate on the Byrd amendment is to be doled out, and there is to be a repetition of this practice, I certainly shall object, because I shall have to travel all night in order to fulfill an engagement tomorrow.

Mr. SMATHERS. I assure the Senator from New Hampshire that everyone desires to finish action on the amendment of the Senator from Virginia as soon as possible. The purpose of suggesting the absence of a quorum is merely to alert Senators that the Senate is about to proceed to the consideration of the Byrd amendment.

Mr. President, I renew my request that there be a quorum call, the time



for the quorum call not to be deducted from the time of either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of Virginia. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized for 15 minutes.

Mr. BYRD of Virginia. Mr. President, the foreign-aid bill has been before the Senate since Friday of last week. The pending question is on agreeing to the amendment designated as "7-28-61-A." The text of the amendment has been available since July 28, when, with a statement of explanation, it was published in the CONGRESSIONAL RECORD, beginning on page 12902.

The amendment is in four parts; but, by action of the Senate on yesterday, they will be considered as one. The last three parts may be considered as technical, and incidental to the first. The amendment as a whole applies only to the Development Loan Fund; and, with respect to the Fund, it would change the provisions for capitalization.

When the Marshall plan for foreign aid was proposed in 1946, the country was told it would be for 4 years and about \$16 billion. Through June 30, 1961, U.S. foreign-aid expenditures had reached a gross total of \$90.8 billion.

Now, after more than 15 years of passing out money around the world, the Senate Foreign Relations Committee report on S. 1983 says the main purpose of the pending legislation is to give "a new direction" to foreign aid which is entering a "new phase."

For this "new phase" the committee bill would promote long-term, poor-risk loans to assist peoples of the world in social and economic development. The original 4-year \$16 billion program has now run to 15 years and \$91 billion. How long will this "new phase" run?

As a starter for this new program of so-called development loans, the present bill would set up an \$8.8 billion, 5-year plan. This would be in addition to billions more contemplated for the continuation of grants programs, which have been most largely used in the past.

All of the money for the new 5-year plan would come through the back door, outside of effective annual appropriation control; and full cost would be charged directly and indefinitely into the public debt of the United States.

Under the terms of the bill, every dollar to be loaned under the new program must be raised from the sale of bonds or the issuance of some other form of interest-bearing debt. Appropriations would not be used. If there were a revenue balance in the general fund, it could not be used for this purpose.

These billions of dollars derived from increasing the debt of the United States would be used to make so-called loans to

"less developed countries and areas"; and the committee report on page 8 states:

Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free. Terms of repayment up to 50 years will be permitted, in some cases with no repayment of principal for initial periods up to 10 years.

Interest on Federal debt, as it would be created by this bill for the loan program alone, computed at 3 percent, compounded annually for 50 years would total \$29.7 billion. This would be nearly three and a half times the principal. That is to say, Mr. President, inasmuch as all of the \$8.8 billion, which would not be appropriated in the regular course, must be borrowed at about 3 percent interest, if no interest is received from the countries to whom the loans are granted, the compounded interest on the loans made by our Government will be \$29.7 billion.

Mr. DIRKSEN. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. DIRKSEN. I wish to be sure I correctly understand the Senator from Virginia. Does he say that if we made the loans at zero interest, and inasmuch as the \$8.8 billion would be a public-debt transaction, and the interest on the \$8.8 billion would be compounded, and the loan would run over a 50-year period—assuming that the bonds to be issued would run that long—the interest would be \$29.7 billion, or substantially three and one-half times the amount of the original loans?

Mr. BYRD of Virginia. The Senator from Illinois is exactly correct. The interest will be 3½ times the principal. I wish to make clear that under the provisions of the bill, even though there might be a revenue balance in the Treasury, it could not be used for this purpose, because the bill specifically directs that the President shall borrow the money. Appropriations would not be authorized under the bill.

This calculation admittedly does not take into account any repayments, and the reason for this is obvious. There is no estimate as to the rate or time the Treasury would receive repayments for use in retirement of the debt to be created.

The bill provides that, in receipt for the funds he supplies for these loans, the Secretary of the Treasury would be given notes of "such maturity" and such "other terms and conditions" as the President may determine.

This is intended to be a loose and flexible program of long-term, poor-risk loans, financed by interest-bearing indebtedness. The committee report says there will be flexibility reflecting capacity of the recipient country to service its debts.

We all know that too much of the debts are not going to be repaid, because the committee report states that probably no interest will be charged—as is intended—or that if any interest at all is charged, it will be only 1 percent, and that the loans will run for 50 years.

Using the full amount of interest-bearing indebtedness authorized for the loan program as the basis, 3 percent interest compounded annually would range from \$35.5 million in the current fiscal year to more than \$1 billion in the year 2011—that is, on a 50-year basis.

On the same basis, interest costs would equal the \$8.8 billion principal in about 25 years, and the interest would average nearly \$600 million a year for the 50 years between now and the fiscal year 2015.

The committee bill would apply provisions of the Government Corporation Control Act to the program and would treat it as a business-type activity. Actually, it is difficult to stretch the description of either a corporation or a business-type activity to it.

The bill would repeal existing language designating the Development Loan Fund as a corporate entity. The only resemblance to a business-type agency would be the authority to make loans, and these would be to "less-developed countries and areas."

The nature of these loans has been described not only by the Foreign Relations Committee in its report on the bill, but also by "representatives of the executive branch," who, on page 13880 of the CONGRESSIONAL RECORD of August 7, are quoted as saying:

The recipients may have some difficulty in repaying in dollars, unless the terms of the loans are adjusted to meet their requirements. Because of the foreign exchange positions of the recipients, it may be considerable time until dollar repayment can be made.

If this development loan program is treated as a business-type activity and is financed with the proceeds from the sale of bonds and other forms of interest-bearing public debt, it will avoid the practical and unobstructed fiscal controls provided by the regular annual appropriation procedure.

This is a primary objective of those advocating the new development loan program. But provisions in the bill for the organization, status and lending operations of the Fund give it the appearance of something far removed from a sound business-type agency.

Actually, the Fund would have all of the characteristics of another Federal bureau, but authorized to increase the debt of the American people up to \$8.8 billion for the purpose of making grants in the form of loans, with few, if any, strings attached.

Effort has been made to compare this activity with past and present Government corporations and business-type agencies. This cannot be justified. Generally, the loans by the other agencies have been made in the United States, framed in some measure by U.S. standards, and secured by relatively good collateral.

If the loans by this Fund are going to be for up to 50 years, with no payment on the principal for 10 years, if at all, and interest at 1 percent, or no interest at all, they may as well be regarded as grants from the outset, and provided for accordingly with regular appropriations.



The pending bill itself would authorize nearly \$5 billion in new dollar appropriations for grants—including the 2-year authorization for military assistance—in addition to the \$8.8 billion for the Development Loan Fund.

Since the beginning of U.S. foreign aid, following World War II, the Congress as a general rule has taken the sound position that these programs involve tremendous sums of money and broad foreign and domestic implications which require the annual fiscal control inherent in the appropriation process. But with respect to development loans that are set aside in this bill.

I find no reason sufficient to justify funding these development loans in a manner which would place them in a preferred position where appropriation control could and would be obstructed and impracticable. I am inclined to think this activity may require exceptional control and exceptional investigation by the Congress, as the program progresses. Under this bill, these expenditures are authorized for 5 years, without an appropriation by Congress.

Vital military procurement, including missile, aircraft, and ship construction, is financed through the appropriation process. Military departments are willing to justify their expenditures annually. Public works and social programs at home are financed with annual appropriations.

Looking to the future, the Foreign Relations Committee report on the pending bill makes these statements:

Foreign aid has entered a "new phase."

The main purpose of this bill is to give new direction to the foreign aid program after we have already spent \$91 billion on this program.

The stress of the program is shifted to development loans.

Long-term financing becomes available to the new AID agency.

Less emphasis is placed on and fewer funds are granted to direct support programs.

These are statements made by the committee.

The Foreign Relations Committee is serving notice that the present effort to fund foreign aid outside of the regular appropriation procedures, and to finance it directly and indefinitely with proceeds from the sale of bonds and other forms of interest bearing debt, is only the beginning.

These quotations from the committee report indicate clearly that if the door is opened to such loose fiscal control with respect to the new Development Loan Fund, the efforts will be continued and redoubled to remove the restraints of the appropriation procedure from all foreign aid.

Foreign aid spending availability provided and continued in the pending bill for fiscal year 1962 totals \$11.6 billion. Assuming the loan fund authorizations in the bill, appropriations at the level proposed for the current year, and other funds available, foreign aid over the next 5 years is certain to cost at least \$35 billion.

Combine expenditures of such magnitude with exemption from the discipline

of appropriation restraint, and the tremendous delegations of authority and authorizations to disregard existing laws which are contained in the pending bill—and the implications of Foreign Relations Committee's warning can be seen.

The bill contains 51 delegations of discretionary powers to the President with respect to foreign aid, and 18 authorizations to disregard existing law. They are set forth, with citations to page and line in the bill, in the CONGRESSIONAL RECORD of Friday, July 28, beginning on page 12904, as inserted by the Senator from Virginia.

I shall repeat only one of them at this point. I quote directly from the bill, beginning on line 24 of page 4:

The President is authorized to make loans payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine.

It is true that most of the discretionary powers given to the President and his foreign aid appointees in this bill—like most of the authority to disregard existing laws—have been granted, in some form or another, in previous foreign aid bills. But this bill is different.

The PRESIDING OFFICER. The time the Senator has allotted himself has expired.

Mr. BYRD of Virginia. Mr. President, I yield myself 5 additional minutes.

Previous foreign-aid bills have been on a year-to-year basis. The heart of this bill is a 5-year plan which could only increase the Federal debt while avoiding effective appropriation control; and there is clear indication that this is the intended direction of a new phase in foreign aid.

I submit, the Congress of the United States has an overriding responsibility to maintain continuing and effective control over such a combination of money and power as this bill would establish and lead to. The people of this Nation are entitled to the full measure of this protection.

The Federal debt now exceeds \$290 billion. We have recently raised the statutory debt ceiling to \$298 billion. Interest on the Federal debt is costing around \$9 billion a year. Total debt—public and private—in the United States is in excess of \$1 trillion.

The Federal Government ended the past fiscal year on June 30 with a deficit of nearly \$4 billion.

I make the confident prediction that the deficit in the current fiscal year will be not less than \$8 billion, and perhaps more.

Proposals passed and pending in the present Congress, on top of existing programs, within a relatively few years could raise Federal expenditures to nearly \$100 billion a year.

We are in a situation which demands tremendous increase in expenditure for military preparedness. This is no time to relax control over any public spending, or to increase the public debt unnecessarily for any purpose; and I do not expect foreign aid.

Military preparedness has no power in insolvency. Foreign aid has little value as an instrument of foreign policy if it

contributes to the impairment of the Nation's fiscal integrity. The hope of free nations in the world today depends mainly on the financial soundness of the United States.

The cost of foreign aid has already been tremendous. It is almost certain to increase in the future. Under present volatile conditions there is every reason to keep it under the strictest surveillance and control of the best combined judgment available in the Government.

This purpose would not be served by the committee proposal to finance development loans through the back door. Congress wisely has rejected this proposal on two previous occasions. It was killed by the House of Representatives in 1957, and by the Senate in 1959.

The validity of this technique, while it has been used in some instances, has always been questionable, and under the shadow of article I, section 9 of the Constitution, which says:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

Representative CLARENCE CANNON, chairman of the Appropriations Committee in the House of Representatives, has described the practice of evading appropriation control by use of authority to spend from the debt as "reprehensible." I agree with him.

I have opposed the practice in the past, I oppose it here, and I am offering the pending amendment which would substitute the unquestionable and time-tested appropriation procedure.

All my amendment does, while permitting an authorization for 5 years, is to require annual appropriations, as has been the general practice for foreign aid expenditures made in the past, and as has been the general practice in all expenditures of the Government.

The amendment would not disturb the establishment of the new Development Loan Fund or its purposes; it would simply change the method of financing it. It would give Congress the right to look over the program every year. It would eliminate the provisions for expenditure from public debt receipts, generally referred to as back-door spending, and substitute orderly authorizations for annual appropriations.

The amendment would authorize annual appropriations over the same 5 fiscal years, 1962-66; and the authorizations for appropriated funds in each year would be in precisely the same amounts as the bill would authorize annually in expenditures out of the debt. Annual appropriations, of course, could be lower than the annual authorizations.

By its nature, the amendment provides a continuity of authorization which, with reasonable assurance, could be used for advance planning; there would be sufficient flexibility for use of the program as an instrument of foreign relations; and orthodox practices in our system would be met.

I hope the amendment will be agreed to.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement entitled "Discretionary Powers," and one entitled "Disregard



of Other Laws," and two tables, one entitled "Interest on Development Loan Fund," and the other entitled "Spend- ing Authority for U.S. Foreign Aid Pro- grams Provided in S. 1983."

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

#### DISCRETIONARY POWERS

Granting the President broad discretionary powers, the bill would authorize him to:

1. Page 5, line 1: Make development as- sistance loans "on such terms and conditions as he may determine."

2. Page 6, line 20: Borrow money from the Treasury through public debt transactions with such maturities and other terms and conditions as he may determine.

3. Page 9, line 10: Establish a Develop- ment Loan Committee consisting of officers from such Federal agencies as he may deter- mine.

4. Page 10, line 7: Make development as- sistance grants on "such terms and condi- tions as he may determine."

5. Page 11, line 16: Use development as- sistance grant funds for Atoms for Peace program on "such terms and conditions as he may determine."

6. Page 12, line 1: Use development as- sistance grant funds and foreign currencies for schools and libraries abroad founded or sponsored by U.S. citizens, "on such terms and conditions as he may specify."

7. Page 12, line 10: Use foreign currencies for grants to hospitals abroad founded or sponsored by U.S. citizens "on such terms and conditions as he may specify."

Issue "all risk" guarantees for U.S. invest- ments abroad, and to determine:

8. Page 15, line 1: (a) where such action is important;

9. Page 15, line 9: (b) the nature of the risks;

10. Page 15, line 10: (c) terms and condi- tions of the guarantees.

11. Page 16, line 13: Charge fees for guar- antee of U.S. investments abroad in amounts to be determined by him.

12. Page 23, line 13: Conduct research into development assistance including such as- pects as he may determine.

13. Page 23, line 25: Make grants to inter- national organizations and their programs on such terms and conditions as he may determine.

14. Page 26, line 23: Waive provisions of law requiring use of U.S. vessels in making shipments to Indus Basin development pro- gram if he determines it to be necessary.

15. Page 27, line 7: Make grants to sup- port or promote economic or political sta- bility "on such terms and conditions as he may determine."

16. Page 27, line 21: Use his contingency funds when he determines such use "to be important to the national interest."

17. Page 30, line 19: Furnish military as- sistance "on such terms and conditions as he may determine."

18. Page 30, line 21: Furnish military as- sistance to any country or international organization when he finds it to be "in the national interest."

19. Page 32, line 18: Consent to exceptions to the conditions of eligibility established for recipients of military assistance.

20. Page 35, line 1: Sell Department of De- fense military stocks directly to foreign gov- ernments and allow delayed payments as he determines up to 3 years.

21. Page 36, line 24: Use up to \$200 million a year in Department of Defense military stocks in advance of military assistance ap- propriations if he determines it "to be vital to the security of the United States."

22. Page 38, line 3: Determine when in- ternal security requirements are not to be the basis for Latin American military aid.

23. Page 41, line 18: Procure materials out- side the United States for purposes of the act unless he determines it would adversely affect the U.S. economy.

24. Page 42, line 25: If he judges it to be in the best interest of the United States, retain any foreign-aid article or make it available to any U.S. Government agency he may determine.

25. Page 45, line 4: Allow any U.S. agency to provide goods and services for foreign gov- ernments, etc., on an advance or reimburse- ment basis, when he determines it to be in furtherance of economic development pur- poses.

26. Page 49, line 4: Determine amount of foreign currency to be made available for U.S. uses from "special accounts" of counter- part funds in foreign countries.

27. Page 50, line 4: Allow transfer of grant funds among programs up to 10 percent whenever he determines it to be necessary.

28. Page 52, line 17: Determine the amounts of foreign currencies excess to reg- ular U.S. Government requirements which are available for economic and social devel- opment purposes.

29. Page 54, line 8: Use up to \$250 million a year in military assistance funds and De- partment of Defense stocks in advance of appropriations, all other laws and require- ments to the contrary notwithstanding, if he determines it to be required by the na- tional interest.

30. Page 54, line 11: Use so-called sup- port assistance (economic or political) funds in order to meet responsibilities or objectives of the United States in Germany and West Berlin, when important to national interest.

31. Page 54, line 15: Use "support assist- ance" funds in Germany and West Berlin without regard to any law he determines should be disregarded.

32. Page 54, line 20: Use amounts not ex- ceeding \$50 million upon his certification that it is inadvisable to specify the nature of the use of such funds.

Suspend assistance to any country which has nationalized or expropriated property of a U.S. citizen, and make determinations as to:

33. Page 55, line 17: (a) when such is the case:

34. Page 55, line 24: (b) what steps a country shall take to discharge its obliga- tion;

35. Page 56, line 2: (c) whether it is in the national interest to suspend the aid.

36. Page 56, line 23: Execute foreign aid programs through any agency or officer of U.S. Government he may designate.

37. Page 63, line 8: Employ such person- nel as he deems necessary.

38. Page 65, line 23: Appoint and assign personnel under such provisions of the For- eign Service Act of 1946 as he deems appro- priate.

39. Page 70, line 5: Allow detail or assign- ment of officer or employee to a foreign Government if he determines it to be in furtherance of the purposes of the act, where no oath of foreign allegiance or com- pensation are involved.

40. Page 70, line 16: Allow detail or assign- ment of U.S. officers or employees to inter- national organizations if he determines it to be in furtherance of the purposes of the act.

41. Page 73, line 18: Appoint and remove at his discretion the chief and deputy chief of special missions or staffs established to carry out economic development programs.

42. Page 73, line 24: Fix salaries of mis- sion chiefs and deputies in accordance with such provisions of Foreign Service Act of 1946 as he deems proper.

43. Page 78, line 9: Disregard, if he deter- mines it to be in furtherance of the purposes of the act, any law he may specify regulating government contracting (except renegotia- tion act).

44. Page 78, line 18: Disregard such provi- sions of the Neutrality Act as he may specify in connection with the military assistance programs.

45. Page 79, line 8: Determine information to be made available with respect to opera- tions under the act which he does not deem to be incompatible with the public interest.

46. Page 80, line 9: Certify that he has for- bidden the furnishing of information to the Congress and GAO.

47. Page 82, line 20: Compromise or collect obligations, etc., accruing to him, as he may determine.

48. Page 83, line 7: Determine character of, and necessity for, obligations and expendi- tures of funds used in making loans under the act, and the manner in which they shall be incurred, allowed, paid, etc.

49. Page 84, line 3: Direct terms and con- ditions of settlement or arbitration of claims and disputes arising from operations under the act in connection with investment guar- antees.

50. Page 95, line 13: Pending enactment of Peace Corps legislation, apply such provi- sions of the act to the Peace Corps as he may determine.

51. Page 101, line 8: Designate an agency to service Public Law 480 loans in place of the Export-Import Bank.

#### DISREGARD OF OTHER LAWS

Disregarding provisions of existing law, the bill would authorize the President to:

1. Page 12, line 5: Use foreign currencies to assist schools, libraries and hospitals founded by U.S. citizens abroad, notwith- standing provisions of existing law relating to embargo and control of shipments to un- friendly countries, etc.

2. Page 26, line 20: Disregard provisions of existing law requiring use of U.S.-flag vessels in making shipments for Indus Basin devel- opment.

3. Page 41, line 12: Disregard provisions of existing law requiring use of U.S.-flag ves- sels in shipment of commodities purchased with foreign currencies.

4. Page 43, line 5: Disregard provisions of existing law regarding disposal of surplus property when necessary to prevent spoilage and wastage of certain commodities and arti- cles acquired for use under the act.

5. Page 45, line 21: Establish a revolving fund to deal in excess property financed by transfers from other accounts, notwithstand- ing existing provisions of law prohibiting such transfers without specific authority.

6. Page 52, line 18: Use foreign currency receipts, notwithstanding provisions of other laws governing the collection and use of such currencies, when he determines them to be available.

7. Page 54, line 4: Furnish up to \$250 mil- lion in military assistance funds and De- partment of Defense stocks in advance of ap- propriations, each year when he determines it to be in the national interest, without re- gard to any other requirements of the act, future appropriation acts, and the provisions of existing law relating to embargo and control of shipments to unfriendly countries, etc.

8. Page 54, line 15: Use economic and po- litical support funds to meet U.S. objectives in Germany and West Berlin, "without re- gard to such provisions of law as he deter- mines should be disregarded."

9. Page 63, line 13: Hire, compensate and remove persons in 85 positions within the United States, without regard to civil ser- vice or any other laws; supergrades and oth- ers with salaries up to \$19,000.

10. Page 66, line 19: Separate employees failing to meet his standards without regard to civil service or other laws.

11. Page 67, line 16: Make arrangements for reimbursement from foreign countries for performance of functions, but officers



and employees under the act may not accept any benefits from foreign governments, notwithstanding any other provision of law.

12. Page 69, line 15: Hire retired military officers, notwithstanding section 2, act of July 31, 1894.

13. Page 73, line 17: Remove chief and deputy chief of special missions abroad from office at his discretion, notwithstanding provisions of any other law.

14. Page 78, line 9: Disregard provisions of law governing Federal contracting in purchasing under the act.

15. Page 78, line 16: Disregard such provisions of the Neutrality Act as he may specify.

16. Page 78, line 20: Assign military personnel to civil offices notwithstanding provisions of existing law.

17. Page 84, line 15: Subsections 636 (b) and (c) contain four authorizations; to waive existing law with respect to certain operating expenses abroad, including printing, binding, office space, housing, schools, hospitals, etc.

18. Page 92, line 18: Use and maintain, alter, etc., U.S.-owned facilities to train foreign military personnel without specific appropriation as required in existing law for such activities.

This is not the first effort to bypass the control of the appropriation process in obtaining money for this Development Loan Fund. It has been tried twice before, and Congress has rejected it both times.

The provision for financing the Fund out of debt receipts was first killed by floor amendment in the House of Representatives in 1957. The Senate killed the second attempt in 1959, when the validity of the authorization was challenged in a point of order.

The validity of authorizations to spend from public debt receipts, outside of the orthodox appropriation process has always been questionable and under the shadow of the provision in article I, section 9, of the Constitution which provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Representative CLARENCE CANNON, chair-

man of the Appropriations Committee in the House of Representatives, has described the practice of evading appropriation control by use of authority to spend from the debt as "reprehensible." I agree with him.

I have opposed the practice in the past. I oppose it here. I am proposing now that the authorization for the Development Loan Fund to evade effective annual appropriation control be deleted from the pending bill.

And I am offering an amendment which would substitute tested and unquestionable appropriation authorization for the same period and in the same amounts. The text of the amendment follows:

"On page 6, strike out lines 4 to 24, inclusive, and insert the following:

"Sec. 202. (a) AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use in carrying out the provisions of this title such sums, not to exceed \$1,187,000,000 for use beginning in the fiscal year 1962 and not to exceed \$1,900,000,000 for use beginning in each of the fiscal years 1963 through 1966, as the Congress shall hereafter determine to be necessary, which amounts shall remain available until expended."

"On page 8, line 13, beginning with '(i)' strike out down to the comma in line 16, and insert the following: '(i) all funds appropriated pursuant to the authorization contained in section 202(a)'."

"On page 8, strike out lines 19 to 23, inclusive."

"On page 9, lines 6 and 7, strike out 'and notes issued under section 202(a)'."

#### INTEREST ON DEVELOPMENT LOAN FUND

S. 1983 would capitalize the Development Loan Fund from the proceeds of the sale of public debt as follows: \$1,187 million in fiscal year 1962, and \$1.9 billion in each of the fiscal years 1963 through 1966; a 5-year total of \$8.8 billion.

Interest on the Federal debt created for this purpose would total \$29.7 billion, if computed at 3 percent compounded annually for 50 years, beginning with the respective dates upon which the authorizations would become available.

A calculation of the interest on this basis follows:

[Fiscal years. In millions]						
	Interest on 1962 authorization of \$1,187	Interest on 1963 authorization of \$1,900	Interest on 1964 authorization of \$1,900	Interest on 1965 authorization of \$1,900	Interest on 1966 authorization of \$1,900	Total interest
1962.	\$35.6					\$35.6
1963.	36.7	\$57.0				93.7
1964.	37.8	58.7	\$57.0			153.5
1965.	38.9	60.5	58.7	\$57.0		215.1
1966.	40.1	62.3	60.5	58.7	\$57.0	278.6
1967.	41.3	64.2	62.3	60.5	58.7	286.9
1968.	42.5	66.1	64.2	62.3	60.5	295.5
1969.	43.8	68.1	66.1	64.2	62.3	304.4
1970.	45.1	70.1	68.1	66.1	64.2	313.5
1971.	46.5	72.2	70.1	68.1	66.1	322.9
1972.	47.9	74.4	72.2	70.1	68.1	332.6
1973.	49.3	76.6	74.4	72.2	70.1	342.6
1974.	50.8	78.9	76.6	74.4	72.2	352.9
1975.	52.3	81.3	78.9	76.6	74.4	363.4
1976.	53.9	83.7	81.3	78.9	76.6	374.3
1977.	55.5	86.2	83.7	81.3	78.9	385.6
1978.	57.1	88.8	86.2	83.7	81.3	397.1
1979.	58.9	91.5	88.8	86.2	83.7	409.1
1980.	60.6	94.2	91.5	88.8	86.2	421.3
1981.	62.4	97.0	94.2	91.5	88.8	434.0
1982.	64.3	99.9	97.0	94.2	91.5	447.0
1983.	66.2	102.9	99.9	97.0	94.2	460.4
1984.	68.2	106.0	102.9	99.9	97.0	474.2
1985.	70.3	109.2	106.0	102.9	99.9	488.4
1986.	72.4	112.5	109.2	106.0	102.9	503.1
1987.	74.6	115.9	112.5	109.2	106.0	518.2
1988.	76.8	119.3	115.9	112.5	109.2	533.7
1989.	79.1	122.9	119.3	115.9	112.5	549.7
1990.	81.5	126.6	122.9	119.3	115.9	566.2
1991.	83.9	130.4	126.6	122.9	119.3	583.2
1992.	86.4	134.3	130.4	126.6	122.9	600.7
1993.	89.0	138.4	134.3	130.4	126.6	618.7
1994.	91.7	142.5	138.4	134.3	130.4	637.3
1995.	94.5	146.8	142.5	138.4	134.3	656.4
1996.	97.3	151.2	146.8	142.5	138.4	676.1
1997.	100.2	155.7	151.2	146.8	142.5	696.4
1998.	103.2	160.4	155.7	151.2	146.8	717.3
1999.	106.3	165.2	160.4	155.7	151.2	738.8
2000.	109.5	170.2	165.2	160.4	155.7	761.0
2001.	112.8	175.3	170.2	165.2	160.4	783.8
2002.	116.2	180.5	175.3	170.2	165.2	807.3
2003.	119.6	185.9	180.5	175.3	170.2	831.5
2004.	123.2	191.5	185.9	180.5	175.3	856.5
2005.	126.9	197.3	191.5	185.9	180.5	882.2
2006.	130.7	203.2	197.3	191.5	185.9	908.6
2007.	134.7	209.3	203.2	197.3	191.5	935.9
2008.	138.7	215.5	209.3	203.2	197.3	963.9
2009.	142.9	222.0	215.5	209.3	203.2	992.8
2010.	147.2	228.7	222.0	215.5	209.3	1,022.6
2011.	151.6	235.5	228.7	222.0	215.5	1,053.3
2012.	-----	242.6	235.5	228.7	222.0	928.8
2013.	-----	-----	242.6	235.5	228.7	706.5
2014.	-----	-----	-----	242.6	235.5	478.1
2015.	-----	-----	-----	-----	242.6	242.6
	4,016.8	6,429.3	6,429.3	6,429.3	6,429.3	29,734.1

NOTE.—Figures are rounded and may not add to totals.

Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (with 5-year projection, fiscal years 1962–66)<sup>1</sup>

[In millions of dollars]

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total	
			Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66	Fiscal year 1962	Fiscal years 1963–66
6	9 and 12	Development assistance:								
		Loans: authority to spend from public debt receipts.....	1,187	7,600					1,187	7,600
		Grants, etc.:								
11	11	Development grants.....	380			1,520			380	1,520
13	21	Authority to guarantee investments abroad.....	(1,100)						(1,100)	
22	9	Survey of investment opportunities.....	5			120			5	120
24	23	Contributions to international organizations and programs.....	154			1,614			154	1,614
27	13	Supporting assistance.....	450			1,800			450	1,800
27	18	Contingency fund.....	300			1,200			300	1,200
		Subtotal, grants.....	1,289			5,154			1,289	5,154
92	25	Administrative expenses.....	51			1204			51	1204
		Unexpended balances continued available:								
99	1	Appropriations and other authorizations.....			3,108				3,108	
51	21	Foreign currencies.....			631				631	
45	3	Authority for Federal agencies to furnish services and commodities.....								

Footnote at end of table.



Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (with 5-year projection, fiscal years 1962-66)<sup>1</sup>—Continued

[In millions of dollars]

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Total
51	21	Authority to use foreign currency receipts from loans, Public Law 480 activities, etc., estimated.....					1,000	4,000	1,000	4,000	5,000
		Total, development assistance.....	2,527	7,600	3,739	5,358	1,000	4,000	7,266	16,958	24,224
		Military assistance:									
31	20	Grants, etc.....	1,800	1,800		15,400			1,800	17,200	9,000
99	1	Unexpended balances of appropriations continued available.....			2,370				2,370		2,370
34	20	Authority to sell military stocks to foreign countries, etc.....									
35	10	Authority to contract for procurement of military stocks for sale to foreign countries, etc.....	200	800					200	800	1,000
37	5	Authority to use Department of Defense military stocks.....									
		Total, military assistance.....	2,000	2,600	2,370	5,400			4,370	8,000	12,370
		Grand total.....	4,527	10,200	6,109	10,758	1,000	4,000	11,636	24,958	36,594

<sup>1</sup> Assuming 1962 level of appropriations.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The time of the Senator from Virginia has expired. Does the Senator yield additional time?

Mr. BYRD of Virginia. I yield myself 2 more minutes, Mr. President, and I yield to the Senator from Ohio.

Mr. LAUSCHE. What is the understanding of the Senator from Virginia of the change which would be effected by including in the bill the language which requires that the Appropriations Committee review the situation each year? I refer to the discussion which took place last week, in which it was argued that under the language of the bill the objective sought by the Senator from Virginia would be achieved.

Mr. BYRD of Virginia. I do not agree with that at all. Effective appropriation control would still be bypassed. The bill specifically provides that funds for development loans must be obtained by selling Federal bonds. Appropriations are not required.

All my amendment would do is to provide for annual appropriations, as are required for most of the other funds for use by the Government.

Mr. LAUSCHE. There is no provision which says that unless the Appropriations Committee appropriates the money and the Senate approves it, there shall be no funds available?

Mr. BYRD of Virginia. My amendment makes that provision.

Mr. LAUSCHE. The amendment makes that provision.

Mr. BYRD of Virginia. The bill itself does not.

Mr. LAUSCHE. What would be the situation, in the opinion of the Senator from Virginia, if no action at all were taken by the Appropriations Committee, if the bill is passed as it is written?

Mr. BYRD of Virginia. I assume the money would be available. In the event the bill is passed as it is now written, there would be a blanket approval.

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. BYRD of Virginia. Mr. President, I yield myself 3 additional minutes.

Mr. LAUSCHE. It is my understanding that if the Appropriations Committee annually took no action, under the general language of the bill the \$1.7 billion per year would still be available for expenditure. Only in the event the Appropriations Committee actually recommended a veto and the Congress approved the veto would the money be denied.

Mr. BYRD of Virginia. That is correct. And such a veto is difficult to attain under the rules. In this case, \$8.8 billion is involved over 5 years.

Mr. LAUSCHE. One billion nine hundred million dollars a year.

Mr. BYRD of Virginia. Yes, after the first year. What the Senator from Virginia objects to is having the Congress give up control over annual appropriations. The amendment offered by the Senator from Virginia provides for appropriations which, as the Senator from Ohio knows, can be up to the authorization or below the authorization. The amendment of the Senator from Virginia provides for annual appropriations, so that the program can be reviewed and the Congress can take such action as it chooses. In other words, the amendment would provide for what generally has been done ever since foreign aid was established, since 1947.

Mr. LAUSCHE. Will the Senator yield to me further so that I may ask a question of the chairman of the Committee on Foreign Relations?

Mr. BYRD of Virginia. If the Senator will use the time of the Senator from Arkansas.

Mr. LAUSCHE. What would be the legal situation, in the opinion of the Senator from Arkansas, if in a given year the Appropriations Committee took no action whatsoever with regard to the item, if the language of the bill as it has been submitted by our committee is adopted.

Mr. FULBRIGHT. If the committee approved the administrative expenses and the budget generally, but did not take direct action to repeal or to affirm

the borrowing authority, the money would be available.

Mr. LAUSCHE. Very well.

Mr. FULBRIGHT. That would be dependent, however, upon the approval of the administrative expenses and the budget as presented to the committee. I would say it would be almost unthinkable that the committee would not take some action, either approving or disapproving.

Mr. LAUSCHE. It is on the basis of the actual legal situation I am inquiring. Even though the committee did not approve, the money would be available unless there were a veto or affirmative action as to the granting of the sums.

Mr. FULBRIGHT. Under the borrowing authority, the money could be borrowed, but I do not see how it could be spent, for example, if the committee disapproved the administrative expenses. It would be an empty authority. If the committee disapproved the borrowing authority, in the nature of a limitation, and the Congress supported the committee—it would not simply be the committee action, though that is where the action would be initiated—the authority could be rescinded or limited.

Mr. LAUSCHE. I read with interest the discussion in which the Senator from Arkansas was engaged. In effect, the Senator from Arkansas made the statement that it would be anticipated the Congress and the committee would not veto unless there were affirmative grounds established to justify the veto. What would those affirmative grounds be, if I may ask the Senator from Arkansas that question?

Mr. FULBRIGHT. I cannot anticipate the developments in the world. For example, a war could break out. I think this program would probably be suspended or limited, or changed very substantially, in that event. I can imagine that if some serious upheaval took place, as a result of which most of the countries with which we were dealing did things which offended us greatly, we would suspend the program or discontinue it. It is hard to anticipate the nature of those things. I



would say it would have to be a serious change in the situation in the world.

Mr. LAUSCHE. In the opinion of the Senator from Arkansas what would be the situation if the committee recommended a veto without the existence of affirmative grounds to justify it?

Mr. FULBRIGHT. In effect, I think the Senator is saying, if the committee and the Congress did so.

Mr. LAUSCHE. Yes.

Mr. FULBRIGHT. When the Senator says "committee," I wish to have it understood that the committee action would not do these things. This would be up to the Congress. That would be a matter of judgment. If the Congress took action irresponsibly, the action of the Congress would still stand.

Mr. LAUSCHE. It would stand.

Mr. FULBRIGHT. Of course it would, but it would be the action of the whole Congress.

Mr. LAUSCHE. Mr. President, will the Senator from Virginia yield some time to me?

Mr. BYRD of Virginia. Mr. President, I yield 3 minutes to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio is recognized for 3 minutes.

Mr. LAUSCHE. Mr. President, I am a member of the Committee on Foreign Relations. For the purpose of the record I wish to make clear that I voted to report the bill to the Senate, although I did not concur with a number of the conditions which exist in the bill.

First, I did not concur with the removal from the existing law of the conditions and limitations which were frequently imposed upon the discretionary power of the administration as to expending the money. The record will show that the principle dominating the drafting of the bill was to remove all conditions and limitations against the use of money. The bill as now drafted practically gives unconditional, unlimited power as to the expenditure of moneys designated in the bill.

Second, I did not concur with the provisions of the bill in the respect that it gave a 5-year authorization to borrow money from the Treasury. I did not feel that the Congress for 5 years ought to abdicate its power to supervise and control the program. The reason underlying that conclusion is that conditions change. In these times, conditions change frequently and rapidly. I did not feel that I wished to abdicate the responsibility which the voters of Ohio placed in me to exercise my powers in the Senate and not surrender them.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. LAUSCHE. Mr. President, will the Senator yield me two more minutes?

Mr. BYRD of Virginia. I yield 2 more minutes to the Senator from Ohio.

Mr. LAUSCHE. Third, in the bill there was an authorization for an annual expenditure of not more than \$300 million, representing collections made on moneys loaned to foreign countries and interest received on such loans. Each year for 5 years there was an authorization to

use up to \$300 million of that money. The committee initially struck that provision from the bill, and subsequently reinserted it by adding \$300 million to the borrowing authority thus bringing it from a level of \$1,600 million per year to \$1,900 million.

It was for those reasons that I did not concur with the general provisions of the bill, although I believe that we must help the undeveloped countries.

My position with regard to the bill will be, first, that the authorization should not be granted for more than 2 years; second, \$1.9 billion per year should be reduced to \$1.6 billion; and third, although I am not as adamant on the proposition, I do not feel satisfied with the removal of the conditions and limitations that were imposed upon the discretionary power of the administration to expend the money. I thank the Senator from Virginia.

Mr. GOLDWATER. Mr. President, will the Senator from Virginia yield 30 minutes to me?

Mr. BYRD of Virginia. I yield 30 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the question that faces us today is a very large and complex one. It is not one that I feel at all competent to discuss in its entirety. I doubt that there are many Senators who can cover the entire field. But I am concerned about 2 aspects of the proposed legislation that I think hold a danger to this country of a similar stature that our enemies in the Soviet area pose, namely, What will the proposed legislation do to our dollar? I believe that this is a question which the average American can understand.

The average American is watching us spend \$22 million a day more than we should be spending. The average American knows that if we started to pay off our debt today, it would be nearly 295 years, at the rate of \$1 billion a year, before the debt would be paid off.

The average American knows that this money would come out of his pocket. We are not fooling anyone in this country when we ask that authority be given to the executive branch to extend the program for 5 years, giving it almost carte blanche demand upon Treasury moneys. We are not fooling anyone when we say we are going to spend \$4 million, \$5 billion, of \$8 billion. The American people know that the money will come out of their pockets either in the form of direct taxation or, more insidiously—and I think this is the point that we should be concerned with—through inflation or, to put the question another way, through an increased cost of living.

The question today is not merely one of whether we shall give the Executive the requested authority to extend programs for 5 years, but it also revolves around the soundness of our dollar.

I remind Senators that most of the currencies in the world depend upon the soundness of the U.S. dollar for the soundness of their own currency. It has often been said by the Soviets in different writings that they could destroy the Western Powers through destroying their economy. Frankly, if I

were in Khrushchev's shoes, I would not be too concerned about going to a physical war. I would be concerned with ways of keeping the Western Powers, particularly the United States, spending money which they do not have, thus forcing the United States deeper and deeper into debt, which could have two results. It could eventually bankrupt the United States. It could eventually bankrupt the currencies of the countries that depend upon the solvency of our own currency for the solvency of theirs.

I have read many fine treatises on back-door spending. I believe that the best one I came across was written by a relatively young man, who is president of one of the largest banks in the United States, the Valley National Bank in Phoenix, Ariz. He also happens to be president of the American Bankers Association. His name is Carl A. Bimson. It is not a long article, and I wish to read it. I wish to make sure that Mr. Bimson gets credit for the article, because it is his writing and expresses my opinion exactly in this entire field. He said:

#### BACK-DOOR SPENDING CALLED FISCAL INSANITY (By Carl A. Bimson)

The control of the national purse strings by Congress has always been accepted as a check on irresponsible Federal spending. In hundreds of instances, Congress has refused to appropriate money for unnecessary programs. At other times it has pared down requests when it was felt the amount requested was excessive.

More recently, however, it has been possible for Federal agencies to circumvent this control by the device of asking for a small initial appropriation which, when spent, carries with it an obligation of support in future years. The proposed foreign aid program is a case in point, although it goes much further than requests of this type which have been made previously.

In his message transmitting the foreign aid bill to Congress, President Kennedy requested spending authority totaling \$4.75 billion for the fiscal year 1962. In addition, the President requested long-term authority to make loans to less-developed countries, the funds for which would be obtained by borrowing, and so would not necessitate congressional appropriations.

This borrowing authority, as requested, amounts to \$900 million in fiscal year 1962 and \$1.6 billion in each of the following years.

Furthermore, he asked that all repayments of previous foreign loans, amounting to about \$300 million annually, be made available for development lending.

This latter request is a new twist in the back-door lending technique and would not only deprive the Treasury of \$1.5 billion in the next 5 years, which might otherwise be used to meet other expenses, but would also completely remove these funds from the annual review by Congress.

The foreign aid bill is only one of several containing such "back-door" proposals. Once approved, the revision or curtailment of such a program of spending is almost impossible, regardless of public opinion. These activities are not subject to periodic review, which is the responsibility of Congress.

This type of financing of Federal programs has been referred to by Representative CLARENCE CANNON, chairman of the House Appropriations Committee, as "fiscal insanity."

In spite of this feeling by some, the practice is becoming increasingly popular and, according to the Treasury's last report, \$40 billion of back-door spending authorization



has been placed on the books. To date, \$65 billion has been repaid, but in the same period Congress has canceled or forgiven another \$16 billion of such obligations.

The picture is much the same with numerous domestic programs. In the housing bill we find the ceiling on grants for public housing is increased by over \$75 million a year. This bill would commit future Congresses to appropriate up to a total of \$3.1 billion in subsidies through the year 2001.

The advisability or soundness of some of the Government proposals is a separate question, but many of us can agree that no program should be adopted unless there is future opportunity for the elected representatives of the people to modify or even discontinue it.

We all know that spending plans at the Federal level are continuing to expand. When confronted with unemployment and a business slowdown, it is easy for public officials to vote for increased spending to show that they are doing something to boost the economy.

Resistance to spending is always difficult to face up to, even when the point is conceded that more spending may mean higher costs to consumers.

In spite of legislative proposals involving huge increases in spending and predictions of an increased deficit, very little mail resisting the proposals was received by Appropriations Committee members of either the House or Senate.

Congress is not likely to oppose spending measures without evidence of strong support from the folks back home. It is easier to vote for an appropriation than against it. Unfortunately it is not easy to get the man in the street sufficiently aroused to take steps to protect his own interests. Nor have we done an adequate job of informing the public on the importance of private investment in creating jobs. This is the foundation of the free enterprise profit system, and businessmen have done a poor job in selling the idea.

There is a too general feeling that profit is somehow evil and made only by a few for their own benefit at the expense of others.

Too many people lose sight of, or have never been told that it is out of the incentive to make a profit that we are able to provide over 65 million jobs. It is out of the hope of making a profit that we had a 17-percent increase in the total number of retail establishments between the years 1954 to 1958. Out of profits came our plant construction and expansion, our new tools and modern equipment, the taxes we pay to the Government, which enables them to carry out their huge spending programs for defense, foreign aid, welfare, and the innumerable other functions of government.

The point we need to continually stress is that no one needs profits in business as much as the worker who needs a job, or wants to keep the one he already has.

What we really need is a completely revised tax structure coupled with a more sensible approach to government spending. Excessive Federal budgets drain off funds which might otherwise have been used by private industry to create jobs of a more productive and permanent nature.

Both our tax and spending programs are a mishmash developed on the spur of the moment to meet an immediate need or crisis.

In our attempts to solve these problems, we are drifting further and further away from the principles which made our country great, and into the socialistic philosophy of a paternalistic Federal Government to which we look to cure all our problems through the management of our financial affairs, with the resultant loss of our freedom of decision and action. Too frequently, both individuals and legislators lose sight of the fact that fiscal policies can either help or retard

growth through the removal of existing roadblocks in the path of progress and growth, or by placing new ones in its path.

In the final analysis, we need to ask ourselves: Will a legislative proposal, in our considered opinion, help or hinder our economic growth? Even if the answer to this question is "Yes", we need to ask: Can we afford it?

It is a sad commentary that businessmen whose opinions carry considerable weight with the public on issues connected with business, have for years been hesitant to even declare their position on legislative issues vitally affecting their own business.

Recently, however, more and more businessmen are awakening to the fact that we need to "stand up and be counted" when important issues are being considered, which could or would adversely affect us in the years ahead.

They can be a potent force if they will only make their opinions known.

Today, it is more important what a congressional representative or candidate for public office actually believes and will fight for than what political party he belongs to.

In this interim period between elections, when we will once again have the opportunity to take a close look at those running for public office, there is much we can do to help assure sound legislative progress, by keeping informed on legislative proposals. By making our interest known to our congressional representatives, we will have made an important first step.

Mr. President, I have read the whole article even though I know that all of it does not bear directly on the problem we are discussing today. However, I wanted to use the words of a man in whom the bankers of America, small and large, have placed their trust, and who has tried in his own way to point out to the American people that this is their problem.

It is very easy to stand on the floor of the Senate and express a great humane feeling for the people of the Congo or for the people of southeast Asia, or for the people of undeveloped countries in South America and Latin America. I know about those troubles. I have seen them. It is not easy for me to advocate cutting back or discontinuing foreign economic aid. However, I believe that we in America must first look to America. If we are taking steps in these legislative halls which will react to the detriment of the American people, the only answer can be "No."

When we are faced with a deficit this year of at least \$4 billion, when we are faced with a deficit in the current fiscal year of something between \$8 billion and \$10 billion, or even more, we are tampering very dangerously with the value of the American dollar.

I do not have to remind the older people of this country what has happened to the money they put aside on which to retire. I do not have to remind the housewife who goes to the supermarket every day to buy food, and I do not have to remind a young man starting in business what inflation has done and is doing to our country.

I pose this simple question to my colleagues in the Senate: What does it matter that we make the entire world a better place to live in if we destroy the very hope and source of that betterment, the Republic of the United States?

The question of the dollar, then, is the overriding question here. It is not whether we will give away the historic prerogatives and rights of Congress to the President in allowing him to write blank checks for foreign economic aid. It is not that we are establishing a firmer precedent whereby the Department of the Interior, for example, could ask for a 5-year program of building in its national parks and allocating the money to contracts and take away from Congress any chance of having any control over the money in the future. I know that in the argument we will hear we will hear presented time and time again that we do have the right to check this thing each year, and that we do have the right to say "No." In fact, when Secretary Dillon was before the congressional committees, he made five points which I should like to go through quickly, in trying to prove my point that once we do this it will never be stopped, that once we do it for foreign economic aid, I prophesy we will do it eventually for every program that we are engaged in financing in this Government.

Mr. Dillon makes five points. He says first:

The basic law would determine the availability of the funds year by year—

This statement is probably correct with respect to funds for operating and administrative expenses. However, with respect to loan activities, there is serious question as to the legislative prerogatives in this area—

Provisions of the Government Corporations Control Act appear to specifically exempt this area from fiscal control, other than that prescribed in the original authorizing legislation.

The second point the Secretary makes is:

Quarterly reports on lending operations would be submitted to the Congress.

What good would that do? Congress would have a report on lending operations after the money had been loaned. We would have no control of that. It would be like trying to stop Mickey Mantle's latest home run after the ball had left the ballpark.

Secretary Dillon's third point is:

An annual presentation would be made to the authorizing committees of the Congress covering all development lending operations.

What effect, if any, this action could have on the jurisdictional authority is highly problematical. While it is true that the authorizing committees could recommend repeal or amendment of the original authority, we have it on the word of the Secretary of the Treasury that Congress would be hard pressed to renege on administration commitments. I shall come back to that point in a moment, because it, to me, is the great problem we face.

The Secretary's fourth point—a rather long one—is:

An annual presentation would be made to the Appropriations Committees of the Congress in accordance with the provisions of the Government Corporations Control Act. Under that act the aid agency would be required to submit to the Appropriations Committee an annual budget setting forth its



proposed lending operations for the coming year and to obtain from Congress authority to expend funds in accordance with this budget.

The entire question of congressional control over the agency's lending operations was discussed under Mr. Dillon's first point, which I stated at the outset of this part of my dissertation. However, there is some doubt whether the Committees on Appropriations could reduce or limit the aid agency's administrative cost to the point where it might be deemed to prevent the aid agency from fulfilling its functions authorized by existing law.

Finally, Secretary Dillon made this fifth point:

Finally, the amounts to be borrowed under the proposed legislation would be included each year in the budget as new obligational authority in the same manner as other appropriations. Similarly, expenditures would appear in the regular expenditures budget. As far as the budget is concerned there is not the slightest difference between this method of funding and the appropriation process heretofore used for this program.

Mr. Dillon is technically correct when he asserts that the amount to be borrowed would be shown each year in the budget documents. Nevertheless, in my mind, that the Committees on Appropriations could pass specifically upon any portion of the \$8.8 billion lending program is open to serious doubt.

However, what I wish to discuss specifically is this—and I think we must recognize it: The United States may have many faults. Certainly we have shown faults lately. But one thing we can say: The United States has never been dishonorable. When we make a treaty, we stay with it. When we make a promise, we adhere to it. Mr. President, can you or any other Member of the Senate imagine any subsequent Congress renege on a promise which this administration has made to, let us say, country X to lend, let us say, \$1 billion over a 5-year period, after country X has proceeded with its plans to build roads, dams, and this, that, and the other thing? No subsequent Congress could in decency renege on the word of the United States.

This, to me, presents the great problem we face. It is not the fact that there will be the review authority; that each Appropriations Committee in each Congress can stop the program or keep it going. It is not the fact that the President has 5-year authority to spend the money as he wishes, \$8.8 billion in 1 year or the entire amount spread over 5 years. The question is, What will Congress do when the day comes when some Congress has the wisdom and courage to say that foreign economic aid has not brought us any friends in the world, has not brought us any closer to peace, has wasted our money all over the globe, and says, "We are going to stop it"?

Ah, but the President may then say, "You cannot stop it, gentlemen. We have promised country X a billion dollars and have given them only \$500 million so far."

We, as a decent, God-fearing people, who believe in keeping our promises, would not renege on this promise.

Argue as much as we will, offer proof after proof on the floor of the Senate, the simple fact remains that, once the United States commits itself to an expenditure, the expenditure will be made.

I believe Congress at this session will take a very dangerous step in advocating that we yield to the wishes of the executive branch to the effect that the administration be given a 5-year carte blanche, one might say—a 5-year Diners' Club credit card—on the people of the United States. I think we shall be overlooking our obligations to the people whom we first ought to be concerned with; the people who live in the United States; the people who work and pay their taxes; the people who pray and send their children to school. I call them the forgotten Americans. We spend 95 percent of our time worrying about 5 percent of the people; and 95 percent of the people over the rest of the globe say: "The devil with the people in the United States, who are looking for employment, who are trying to create more employment, who realize that our own capital is the only means by which we can promote the well-being of our free economic system."

Mr. HICKENLOOPER. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. HICKENLOOPER. I wished to explore the statement the Senator made about the United States keeping its commitments once they have been made. We know of many instances in which the President has made tentative commitments before Congress has acted, and those commitments have been, in the main—that is, substantially—kept. However, does not the Senator believe that when the Committees on Appropriations look over, authorize, and submit to Congress the money involved in those commitments, the Executive is much more careful about making commitments than if he were uninhibited and under such borrowing authority as is here proposed, could go out and make commitments, knowing that the money would be available?

In other words, under our present system, when the President makes a commitment, he has probably canvassed the situation to see how Congress would feel about it, before he makes the commitment. But under an uninhibited borrowing authority of the kind here proposed, he could make a commitment and then say, "I have made a commitment under the authority of the borrowing power, and I shall proceed to fulfill it."

Mr. GOLDWATER. The Senator from Iowa is absolutely correct. I am not one of those who happen to believe that the Constitution is outmoded simply because it happens to be 174 years old, and under our present system, which was established by the Constitution, the House of Representatives has the responsibility for the handling of fiscal affairs, and the Senate has the responsibility to assist.

Under the present system of review, of presentation, of careful study, the Appropriations Committees of both Houses do as good a job as can be expected of them, considering human

weaknesses. But when the President of the United States commits the United States to the expenditure of money, I do not care whether it be 5 cents or \$5 billion, a Representative or a Senator will think a long, long time before he involves this country in a dishonest act. Members of Congress may have to act against their own better judgment; they may be forced by the desire to uphold our honor to authorize and to appropriate moneys that the country cannot afford to so authorize or appropriate. This will place the Committees on Appropriations in a peculiar position, because once such a program as is here proposed is begun, we must realize that the State Department is not the only department which likes to spend money. Other agencies of the Government would like nothing better than to come to Congress and argue for a 5-year plan, under which the executive branch would be given the power to get money at any time either from the general fund or through the sale of bonds to finance any program it favored. If Congress allows that to happen, it will be doing as it is doing now, then we shall have to take away from Congress the right to express the judgment of the American people.

But, after all, what is our Government, Mr. President? Our Constitution begins with the words "We, the people." We are not assembled here to do the whim of the President. We are assembled here to help the President; but I suggest to my colleagues that we are assembled here to protect the American people and to look out for their interests; and that protection and that looking out for their interests include proper action in regard to the material thing called money, for which the American people work hard. They are not stingy. They are not fearful of lending money to other countries, for their development. They are not fearful of doing what we have been doing, to help countries that cannot help themselves.

But when we come to the point where we are spending billions of dollars that we do not have, when matters reach the point where our great-great-great-grandchildren will be saddled with this yoke of debt, I think this body should stop and should think twice.

I have not heard advanced any sound argument as to why we should give money that we do not have, to countries that can get along without it.

We are told that the arrangement now proposed should be adopted by us because, so it is alleged, it will be a more businesslike way of proceeding. But Mr. President, a business is a little different from a government. A businessman has to earn the money he spends. The money he has on hand, available for expenditure, is money he has earned over a considerable period—perhaps a period of 5 or 10 years. On the other hand, Mr. President, what we who serve in government have to spend is money which we have taken away from the people, without their consent.

Now it is proposed that we provide that this money may be spent around the world, helter-skelter, under a program of spreading it too thin, over too



great an area—continuing to spend, Mr. President, under a disproved theory, for I defy any member of the Foreign Relations Committee to point out to me one country that has become our friend since 1950 through the giving by us of money. Instead, we have lost friends. But communism has gained friends, although communism has not been engaged in giving away the money of its people. But we have.

I suggest that it is time for us to take another long, hard look at how we are going about "winning the peace in the world." Mr. President, we are not winning it by the methods we are following, and we are not going to win it by following the methods proposed in this case.

Mr. President, I know that the time yielded to me has expired. I now ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a paper on the subject "U.S. Per Capita Foreign Aid," which has been prepared by Hermann Flicker, an analyst in international finance and trade, in the Economics Division of the Legislative Reference Service of the Library of Congress.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

#### U.S. PER CAPITA FOREIGN AID

Each year, for the last 21 years, the U.S. Government has paid out an average of about \$40 for every man, woman, and child in aid to foreign governments and international organizations. These are tax dollars paid in as Federal revenue by the American individual and corporate taxpayer. Out of each \$40, \$32 were given either as gift or military and economic grants. The other \$8 were in the form of loans to be repaid with interest over a specified period. A sizable share of these loans, however, is on a long-term basis and repayments need not be in dollars—foreign currencies are acceptable. What percentage of these long-term loans will eventually turn out in fact to be gifts cannot now be foreseen. During the period July 1, 1940, through June 30, 1960, the net aid disbursed amounted to \$130,240,313,000. This total represents gross aid minus amount of reverse grants received by the United States and loans repaid during the period. At least 66 percent of this net aid was spent in the United States for machinery, food, and raw materials resulting in income to our industries and agriculture.

The 20-year period is divided into the war and postwar eras. During the war period July 1, 1940, through June 30, 1945, the United States rendered aid to its Allies of \$49,223,859,000. During the postwar period, aid, comprising military, economic, and technical assistance, as well as credits and loans, amounted to \$81,016,454,000.

During this last fiscal year—July 1, 1960, through June 30, 1961—a total of \$12,473,967,000 was available for disbursement. These funds stemmed partly from an undistributed carryover of \$7,636,417,000, newly appropriated availabilities, and foreign currencies generated by the sale of our surplus farm products. Most of the carryover funds were substantially committed in continuing programs or in tentative agreements not yet fully finalized. It was estimated that during this last fiscal year about \$5.2 billion would be distributed.

In addition to the funds mentioned, the United States has also made payments totaling \$4,949,168,000 to the five major international monetary institutions. Such are the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corpo-

ration, the Inter-American Development Bank, and the International Development Association.

A related factor of concern to the American taxpayer is the amount of interest paid out annually on that portion of the national debt attributable to our foreign assistance programs. No attempt is made here to assess the total of such interest as the amount depends on too many imponderables. Conceivably, if no aid were given, other projects for which the Treasury has to borrow funds, could be financed out of current income. It is, however, impossible to cast up a final balance of aid versus national security, international preparedness against Communist subversion, raising living standards in underdeveloped areas and fulfilling our world leadership obligations.

The tabulations in this statement, to be used in compiling per capita totals by State and congressional districts, have been developed in response to many congressional requests for some approximate totals to indicate the approximate magnitude of our foreign aid borne by counties or by States as part of our national contributions.

It must be noted that the per capita estimates are derived solely by apportioning the aid on the basis of population only and do not take into account variations in income or in foreign-aid expenditures in particular States, counties or districts.

All population figures for States, counties, and towns are in accordance with the census of April 1, 1960—national total 179,323,175. This total does not include members of our Armed Forces and dependents overseas, crews of American vessels at sea or overseas, American citizens in foreign countries or inhabitants of Puerto Rico, the Virgin Islands, and other outlying areas under the American flag.

The five per capita figures used in the five tabulations for each State, congressional district, county, county seat or city over 10,000 inhabitants are as follows:

1. War and postwar total, period July 1, 1940, to June 30, 1960: \$130,240,313,000.

Per capita figure: \$726.2882.

2. War total, period July 1, 1940, to June 30, 1945: \$49,223,859,000.

Per capita figure: \$274.4980.

3. Postwar total, period July 1, 1945, to June 30, 1960: \$81,016,454,000.

Per capita figure: \$451.7902.

4. Total to international banking institutions: \$4,949,168,000.

Per capita figure: \$27.5991.

5. Aid available—carryover and new funds for fiscal year beginning July 1, 1960: \$12,473,967,000.

Per capita figure: \$69.5613.

#### Sources:

"Twenty Years of U.S. Foreign Aid," 1940–60, by Hermann Flicker, Legislative Reference Service, Library of Congress, Washington 25, D.C., March 21, 1961.

"Foreign Grants and Credits by the U.S. Government," Office of Business Economics, U.S. Department of Commerce, Washington 25, D.C., November 1960 and June 1961.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from Louisiana [Mr. ELLENDER].

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 20 minutes.

Mr. ELLENDER. Mr. President, before I proceed to discuss the pending amendment, I should like to refer to a colloquy I had with the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT], who is not now on the floor, although I wish he were. The colloquy was in regard to the difference between the two methods of financing the Development Loan Fund. The

colloquy appears on page 13663 of the CONGRESSIONAL RECORD for August 4. It might be inferred that at the time our colloquy was interrupted I felt there was no difference between the two methods of financing the Development Loan Fund, namely, by appropriation or by borrowing authority. It was unfortunate that while I was engaged in that discussion with the distinguished Senator from Arkansas, he yielded the floor to the distinguished senior Senator from Florida [Mr. HOLLAND], and at approximately the same time I was called from the floor of the Senate.

When I subsequently returned to the floor, the distinguished chairman of the Foreign Relations Committee had concluded his presentation and had left the Chamber.

Mr. President, at this time I should like to clear up any erroneous impression which may have been left on last Friday, when that colloquy abruptly ended. I contend that once a no-year appropriation is made by Congress—that is to say, an appropriation which provides that the funds shall be available until expended—as is the case in the pending bill, as well as under the pending amendment—an appropriation providing that the funds shall be available until expended—it differs in no way from the authority to borrow funds from the Treasury. Thus, if Congress appropriated \$1,187 million on an "available until expended" basis, for the fiscal year 1962, that would be no different from granting the President authority to borrow \$1,187 million, to finance the Development Loan Fund operations.

In each instance the administrators of the fund would have available \$1,187 million for an indefinite time in the future, and they would have all the time necessary to obligate those funds. Consequently, Mr. President, regardless of whether dollars are made available on a no-year appropriation basis or on a borrowing authority basis, they will ultimately be spent for the same purposes and in the same manner.

Now, Mr. President, I repeat there is no difference in how the dollar is handled once it is appropriated by Congress or borrowed from the Treasury under authority granted by Congress. However, and this I wish to emphasize, there is a vast difference between annual appropriations on a no-year basis and the granting of a 5-year borrowing authority. In effect, the granting of borrowing authority for 5 years is the same as an advance appropriating on a no-year basis for 5 years. Thus, in one fell swoop, the adoption of the committee bill would mean that the 87th Congress will be, in effect, appropriating as follows:

For fiscal year 1962: \$1,187 million to be available until expended.

For fiscal year 1963: \$1.9 billion to be available until expended.

For fiscal year 1964: \$1.9 billion to be available until expended.

For fiscal year 1965: \$1.9 billion to be available until expended.

For fiscal year 1966: \$1.9 billion to be available until expended.

This would mean, Mr. President, that the 87th Congress is, in effect, making appropriations on a no-year basis on



behalf of the 88th and 89th Congresses which, needless to say, are Congresses not yet in existence.

It is argued by those who endorse this scheme that by giving the administrators more time in which to study such proposals and in which to present them to the countries concerned, there will be less waste. Superficially this may seem so, but whether the method employed is the one proposed in the bill or whether the appropriation method is used, the same amount of time will be available to the administrators for the purpose of committing the funds. In either case the administrators will have the necessary time to make studies of proposals advanced by the borrowing country. The fact remains that after the money becomes available—whether through borrowing authority, as is proposed in the pending measure—or through an appropriation—the administrators of the program will have unlimited time to plan a program before a single dime is spent.

Mr. President, this is the 15th year in which Congress is being asked to appropriate funds to assist our friends across the seas.

Instead of this program tapering off, it is increasing. I contend that the program advanced for this year is the largest that has been offered by any administration.

The committee report indicates that the amount to be spent is \$4.3 billion, which would include the Development Loan Fund, military grant assistance, economic grant assistance, and other miscellaneous programs. But the fact remains that we will be obligating the United States, for the next 5 years, to spend as much as \$8.8 billion by way of loans as I indicated earlier.

As a matter of fact, I read the testimony of Mr. Dillon when he testified some time ago before the House Appropriations Committee. He testified that it would be possible—and I agree with him—for the administrators of the program to morally bind our country during fiscal year 1962 for the full \$8.8 billion amount. Of course, this would have to be done on a provisional basis, but it could be done. But, as the junior Senator from Arizona has just stated, we have never reneged on any of the obligations or promises entered into by our representatives abroad.

Mr. President, I can just picture our eager beavers from the State Department stationed around the world—and we have many of them—running out as soon as this bill is signed to peddle the moneys that will be made available by the President in the 5-year loan program. I have seen it happen in the past.

I have stood on this floor and objected many times in the past to appropriations that had to be made by Congress because some State Department official had already promised certain officials of a foreign country that specific amounts of money would be made available to them.

Let me give you one concrete example of recent vintage. During the last session of Congress, I myself had written into the report of a supplemental appro-

priation bill that the U.S. Government should not pay more than 40 percent of the total U.N. cost incurred in the Congo. This percentage figure was agreed to by the Congress. What happened? We ended up by paying over 50 percent of the cost. Why? Because a promise had been made by a representative of our Government that we would contribute a certain fixed amount, which was far in excess of 40 percent of the total cost.

As I have said, I can picture these administrators of ours abroad. They are the same people who have handled the program in the past, a program which has been labeled by the committee itself as being wasteful in many instances. But the people who will handle this huge program in the future are to be the same people who are now in the field. Oh, there may be a few new faces on the Washington level, but they will still depend on the administrators abroad in the same manner as has been the case in the past.

These people, in too many instances, are primarily concerned with maintaining their own jobs. Thus it is to their personal benefit that more and more programs be entered into. And let me also point out that it is also these same people who supply the State Department officials here in Washington with the evidence of the value of these programs and this is the basis of State Department endorsement of these programs.

Mr. President, on previous occasions I have brought to the attention of the Senate many, many cases of waste which I have discovered in the course of my personal investigations. However, little or nothing was done about it. I predicted what would happen in Korea and in Laos because of the waste and maladministration that took place there in our foreign aid programs. Somehow, I regret to say, my advice was not heeded.

To justify borrowing authority for the new Development Loan Fund, the committee points out, on page 10 of its report:

And the best recommendation for the borrowing procedure is the excellent record compiled by the agencies and programs that have been financed, in part or in whole, by this method.

This list includes an array of various domestic U.S. Government corporations and the Informational Media Guaranty Fund, which has been administered by the U.S. Information Agency since 1956.

As a matter of fact, of the 23 or more agencies that have been named in the committee's report, the only one dealing with foreign operations was the Informational Media Guaranty Fund. And what happened there? It was given back-door financing authority in the Mutual Security Act, of 1954, as amended.

When the U.S. Information Agency took over the administration of the Informational Media Guaranty Fund in 1956, there was made available \$28 million of borrowing authority from the Treasury. The record clearly indicates that when this Fund was established it was supposed to revolve indefinitely, but, on the contrary, it was not in operation

but a little over a year when the \$28 million was almost entirely depleted. This unconscionable waste of money convinced Congress that borrowing authority could not be entrusted to the administrators of this Fund and since fiscal year 1958, Congress has made funds available to the informational media guarantee program by annual appropriation only.

Therefore, Mr. President, if the Informational Media Guaranty Fund is one of the best recommendations for the use of the borrowing procedure, then I submit that the Senate should give overwhelming support to the amendment offered by the senior Senator from Virginia. If there is one program where the taxpayer's dollars have been utterly squandered, it is the Informational Media Guaranty Fund.

If we make the mistake of giving the President of the United States the right to borrow \$1.9 billion per year over the next 4 years for this program, it will simply mean that, no matter what the condition of our Treasury, we will be compelled to honor any promises made by the administrators of the program.

Borrowing authority of the magnitude contained in this bill cannot be entrusted to the administrators of our foreign aid program. With the exception of some high-level policy positions, the people engaged in the execution of our foreign aid program, including the Development Loan Fund, I repeat, are the same individuals who have made such a mess of our aid program in the past. They have been responsible for the "decade of waste" in the fifties. Do Senators really believe that these very same individuals will now change and make the sixties a decade of development? I fear not and I, for one, believe not.

Mr. President, let me now address my remarks to certain loans made in past years by the Development Loan Fund which I believe are not in the proper province of this program.

I refer specifically to the so-called resettlement loan. The first was in the amount of \$3 million to the Government of the Netherlands to resettle Dutch immigrants in Australia.

The second was for \$240,000 to Brazil to create some 100 farming units near the existing settlements of Carambei and Castrolanda for the settling of some 60 Dutch families and providing farms for 40 Brazilian families, of Dutch origin.

These two loans were approved during the first year of the DLF's operation. When DLF came back the following year for its appropriation, Congress learned of the two loans and announced its displeasure with such activities.

Mr. President, I submit that this shows the value of annual congressional review. As a result of this congressional expression of disapproval, a third resettlement project of \$300,000 scheduled for Brazil, was canceled by our chastized administrators.

I believe this example very clearly shows the need of annual congressional review.

Mr. President, it will be recalled that Congress appropriated \$2 billion for the



Development Loan Fund. Of that amount we have obligated \$1,675 million, and there was still unobligated as of June 30, 1961, \$325 million. The record shows that these loans were made to countries like Ethiopia, where we have given until it hurts. We have made six loans in that country; one for \$500,000, one for \$2 million, one for \$3,100,000, one for \$20,250,000, one for \$180,000, and one for \$3,600,000.

We have made available to India many millions of dollars yet it has availed us no concrete support from the Indian peo-

ple or from the Government. They take our money but continue to drift in the current of neutralism while floundering in a sea of socialism.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. BYRD of Virginia. Mr. President, I yield 2 minutes more to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 2 additional minutes.

Mr. ELLENDER. Mr. President, I am sorry I do not have sufficient time to discuss these loans at length. Therefore, I ask unanimous consent that the tables from which I have been reading be printed in the RECORD at this point.

It will be noticed from these charts that the countries we have helped the most, particularly in the Middle and Far East, were able to borrow the most money.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:



Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961

No.	Region, country, and borrower	Project	Authorizations and obligations			Date agree- ment signed (obligations)	Terms			Disburse- ment	Repayments		Loans out- standing	Interest collected		
			Amount au- thorized or obligated	Cancella- tions or ad- justments	Net		Inter- est rate	Dura- tion	Currency of repayment		U.S. dollars	Local currency		U.S. dollars	Local currency	
A. DIRECT LOANS																
AFRICA																
88	Ethiopia: Sviluppo Agricolo Industriale Del Eritrea, S.A. (P).	Cotton textile mill.	500,000		500,000	Aug. 6, 1959	5 3/4	10	Ethiopian dollars.	475,912			475,912		7,668	
165	Development Bank of Ethiopia.	Development bank.	2,000,000		2,000,000	June 20, 1961	4	15	do.							
179	Imperial Ethiopian Govern- ment.	Jet aviation facilities.	3,100,000		3,100,000		3 1/2	20	do.							
180	Do.	Airport facilities.	20,250,000		20,250,000		3 1/2	12	do.							
184	Atlas Engineering & Contract- ing Co., S.A. (P).	Sawmill.	180,000		180,000	June 30, 1961	5 3/4	8	do.							
193	Imperial Ethiopian Govern- ment.	Road maintenance.	3,600,000		3,600,000		3 1/2	20	do.							
27	Liberia: Liberian-American Agricul- tural & Industrial Corp. (P).	Sawmill.	190,000		190,000	Dec. 16, 1958	5 3/4	5	U.S. dollars.	164,040	6,000		158,040	8,621		
43	Republic of Liberia.	Telecommunications.	3,000,000		3,000,000	Jan. 30, 1959	3 1/2	25	do.	150,000	60,000		90,000	1,247		
24	Libya: Government of Libya.	Electric powerplant.	5,000,000		5,000,000	June 25, 1959	3 1/2	25	Libya pounds.	3,365,148		25,000	3,340,148		75,260	
106	Morocco: Kingdom of Morocco.	Irrigation.	23,000,000		23,000,000	Mar. 16, 1960	3 1/2	28	Dirhams.							
75	Nigeria: Nigerian Ports Authority.	Construction of warehouse.	800,000	-136,400	663,600	Dec. 30, 1959	5 3/4	12	U.S. dollars.	663,600			663,600	12,858		
161	Nigerian Railway Corporation.	Track relaying.	3,100,000		3,100,000		3 1/2	20	(1)							
35	Somalia: Credito Somalo.	Development bank.	2,000,000		2,000,000	Mar. 31, 1959	4	15	Somalos.	80,726		500	80,226		2,917	
37	Sudan: Sudan-American Textile Industry (P).	Textile mill.	10,000,000		10,000,000	May 21, 1959	5 1/2	15	U.S. dollars.	6,804,361			6,804,361			
158	Tanganyika: Government of the Trust Territory of Tanganyika.	Road construction.	1,900,000		1,900,000	Jan. 18, 1961	3 1/2	20	do.							
33	Tunisia: Societa Nazionale des Chemins de fer Tunisiens.	National railways.	2,400,000		2,750,000	May 27, 1959	3 1/2	20	Dinars	935,204		20,000	915,204		19,926	
36	Societe Nationale Tunisienne de Cellulose (P).	Pulp factory.	350,000		6,250,000	Dec. 29, 1960	5 3/4	14	(2)	3,905,671		10,000	3,895,671			
136	Government of Tunisia.	Irrigation.	18,000,000		18,000,000	Oct. 11, 1960	3 1/2	30	Dinars							
147	Do.	Airport construction.	5,100,000		5,100,000	Jan. 27, 1961	3 1/2	20	do.							
167	Banque Nationale Agricole.	Development Bank.	5,000,000		5,000,000	June 27, 1961	4	15	do.							
196	Societe Tunisienne de Banque.	do.	5,000,000		5,000,000	do.	4	15	do.							
	Other approvals.		30,700,000	-10,700,000	20,000,000											
	Subtotal, Africa.		151,420,000	-10,836,400	140,583,600	* (90,533,600)				16,544,662	66,000	55,500	16,423,162	22,726	105,771	
EUROPE																
28	Netherlands: Government of Netherlands.	Emigrant resettlement.	3,000,000		3,000,000	Jan. 21, 1959	4 1/4	21	U.S. dol- lars.	3,000,000	3,000,000			141,767		
50	Spain: Instituto Nacional de Colon- izacion.	Irrigation (equipment).	7,700,000	-7,700,000												
51	Spanish National Railways.	Railway rehabilitation.	14,900,000		14,900,000	June 5, 1959	3 1/2	20	Pesetas	5,954,721		794,750	5,159,971		94,434	
112	Union Electrica Madrileña (P).	Hydroelectric plant.	3,900,000		1,778,913	Mar. 23, 1960	5 3/4	5	do.	1,255,849			1,255,849		26,330	
128	Isotel Sprechel, S.A. (P).	Electric switchgear.	350,000	-2,121,087	350,000	June 14, 1960	5 3/4	8	do.	302,218			302,218		264	
	General Electric Espanola (P).	Power generation.	1,200,000	-1,200,000												
31	Yugoslavia: Government of Yugoslavia.	Fertilizer plant.	22,500,000		22,500,000	Jan. 8, 1959	5 1/2	20	(4)	13,292,138	30,000	90,000	13,172,138	129,694	389,083	
65	Do.	Diesel locomotives.	5,000,000		5,000,000	June 12, 1959	3 1/2	12	Dinars	4,969,946		150,000	4,819,946		203,939	
84	Do.	Electric power.	9,000,000		9,000,000	Nov. 25, 1959	3 1/2	20	do.	5,021,163		100,000	4,921,163		31,289	
85	Do.	Hydroelectric plant.	15,000,000		15,000,000	Dec. 17, 1959	3 1/2	25	(6)	1,234,243			1,234,243			
135	Do.	Diesel locomotives (2d).	14,800,000		14,800,000	June 23, 1960	3 1/2	15 1/2	(7)	14,416,926	12,500	37,500	14,366,926	42,813	128,439	
164	Do.	Zagreb plastics.	23,000,000		23,000,000	Sept. 16, 1960	5 3/4	15	(7)	1,592,555			1,592,555			
168	Do.	Sisak iron works.	8,500,000		8,500,000	Mar. 27, 1961	5 3/4	15	Dinars							
173	Do.	Diesel locomotives (3d).	5,200,000		5,200,000	Mar. 27, 1961	5 3/4	15	do.							
	Do.	Electric power (2d Kosovo).	14,000,000		14,000,000	do.	3 1/2	20	do.							
	Subtotal, Europe.		148,050,000	-11,021,087	137,028,913	* (137,028,913)				51,039,759	3,042,500	1,172,250	46,825,009	314,274	873,778	

Footnotes at end of table.



No.	Region, country, and borrower	Project	Authorizations and obligations			Date agree- ment signed (obligations)	Terms			Disburse- ment	Repayments		Loans out- standing	Interest collected	
			Amount au- thorized or obligated	Cancellations or ad- justments	Net		Inter- est rate	Dura- tion	Currency of repayment		U.S. dollars	Local currency		U.S. dollars	Local currency
A. DIRECT LOANS—Continued															
FAR EAST															
42	Indonesia:	Railway rehabilitation.	3,000,000	---	3,000,000	June 26, 1959	3½	15	Rupiah	1,388,399	20,000	1,388,399	---	3,083	
80	Do.	Harbor development.	6,000,000	---	6,000,000	do.	3½	20	do.	162,146	25,000	137,146	---	846	
109	N.V. Indonesian Service Co. (P).	Automotive parts plant.	2,600,000	---	2,600,000	May 31, 1960	5¾	10	do.	609,221	---	609,221	---	---	
22	Korea:	Cement plant.	2,140,000	---	2,140,000	Jan. 20, 1959	5¼	8	Hwan	2,130,382	147,261	1,983,121	---	86,444	
32	Tongyang Cement Manufac- turing Co. (P).	Telecommunications.	3,500,000	---	3,500,000	Apr. 8, 1959	3½	20	do.	490,492	45,000	445,492	---	3,827	
61	Republic of Korea.	Chung Ju hydroelectric.	1,500,000	---	1,500,000	May 26, 1959	3½	10	do.	1,097,460	30,000	1,067,460	---	26,036	
93	Korea Electric Power Co.	Soda ash plant.	5,600,000	---	5,600,000	Dec. 11, 1959	5¾	15	do.	---	---	---	---	---	
94	Oriental Chemical Industry (P).	Development bank.	5,000,000	---	5,000,000	Apr. 12, 1960	5	10	do.	---	---	---	---	---	
95	Korea Reconstruction Bank.	Building materials.	1,100,000	---	1,100,000	June 13, 1960	5¾	15	do.	---	---	---	---	---	
133	Tee Pan Industrial Corp. (P).	Nylon plant.	3,200,000	---	3,200,000	Feb. 6, 1961	5¾	10	do.	---	---	---	---	---	
153	Korea Nylon Co., Ltd. (P).	Chemical plant.	3,300,000	---	3,300,000	---	5¾	14	do.	---	---	---	---	---	
182	Puk Sam Chemical Industrial Co. (P).	Wharfage accommodations.	10,000,000	---	10,000,000	Mar. 18, 1959	3½	30	U.S. dollar	976,438	50,000	926,438	---	2,668	
46	Federation of Malaya.	Roads and bridges.	10,000,000	---	10,000,000	do.	3½	10	do.	572,220	200,000	372,220	---	6,700	
54	Do.	Small industry fund.	5,000,000	---	5,000,000	May 6, 1959	5¼	7	do.	345,668	177,000	168,668	---	2,147	
59	Central Bank of Philippines.	Roads and bridges rehabilita- tion.	18,750,000	---	18,750,000	June 29, 1959	3½	12	do.	597,781	---	597,781	---	---	
67	Republic of the Philippines.	Pulp and paper mill.	5,300,000	---	5,300,000	July 10, 1959	5¾	10	do.	4,457,208	10,000	4,457,208	---	36,141	
81	Bataan Pulp & Paper Mill (P).	Cement plant.	3,700,000	---	3,700,000	Oct. 26, 1959	5¾	9	do.	2,553,106	---	2,553,106	---	13,497	
92	Mindanao Portland Cement Co. (P).	Pulp and paper mill.	5,300,000	---	5,300,000	Dec. 29, 1959	5¾	9	do.	---	---	---	---	---	
101	Bago Pulp & Paper Co. (P).	Industrial explosive plant.	2,100,000	---	2,100,000	Feb. 15, 1961	5¼	11	do.	---	---	---	---	---	
154	Orval Chemical Co., Inc. (P).	Cement plant.	2,750,000	---	2,750,000	July 25, 1958	5½	10	N.T. dollar	2,992,221	20,000	2,972,221	---	175,297	
7	Asia Cement Corp. (P).	Multipurpose dam.	250,000	---	250,000	Feb. 18, 1960	3½	35	do.	10,640,807	100,000	10,540,807	---	324,983	
17	Republic of China.	Railways.	21,500,000	---	21,500,000	Nov. 10, 1958	3½	11	do.	1,937,057	318,130	1,618,927	---	59,170	
18	Do.	Improvement of fishing.	3,200,000	---	3,200,000	Nov. 12, 1958	3½	5	do.	622,697	125,593	497,015	---	19,075	
26	Land bank.	Small industry fund.	686,000	---	686,000	Mar. 18, 1959	5	5	do.	798,011	45,000	753,011	---	5,914	
47	First Commercial Bank of Taiwan, Chang Hwa Com- mercial Bank, Huan Nan Commercial Bank, Ltd., & Central Trust of China.	Expansion of shipyard.	2,000,000	---	2,000,000	Jan. 22, 1959	5½	9	U.S. dollars.	86,068	---	86,068	---	1,618	
48	Ingalls-Taiwan Shipbuilding Co. (P).	Coke oven.	1,000,000	---	1,000,000	Feb. 19, 1959	5½	9	N.T. dollars.	1,000,000	15,000	985,000	---	103,554	
49	Pioneer Chemical Corp. (P).	Production of aluminum.	1,350,000	---	1,350,000	June 25, 1959	5½	5	do.	1,048,988	10,000	1,038,988	---	17,767	
55	Taiwan Aluminum Corp.	24 railways.	5,900,000	---	5,900,000	Feb. 18, 1960	3½	11	do.	5,844,170	---	5,844,170	---	---	
110	Republic of China.	Development bank.	10,000,000	---	10,000,000	Mar. 24, 1960	3½	10	do.	121,099	---	121,099	---	---	
113	China Development Corp. (P).	Telecommunications.	2,000,000	---	2,000,000	June 16, 1960	3½	10½	do.	---	---	---	---	---	
114	Taiwan Telecommunications Administration.	Nanpu thermal power.	20,500,000	---	20,500,000	Sept. 30, 1960	3½	20	do.	172,793	---	172,793	---	---	
133	Taiwan Power Co.	Glass factory.	1,600,000	---	1,600,000	May 12, 1961	5¼	12	do.	---	---	---	---	---	
148	Hsinchu Window Glass Works (P).	Tachien reservoir.	40,000,000	---	40,000,000	June 21, 1961	3½	30	do.	---	---	---	---	---	
178	Taiwan Power Co.	Electric power expansion.	20,000,000	---	20,000,000	Mar. 6, 1959	5½	20	Baht.	7,123,134	20,000	7,103,134	---	219,468	
19	Metropolitan Electricity Au- thority.	Dredge facilities.	1,750,000	---	1,750,000	Feb. 10, 1959	5	15	do.	1,232,344	---	1,232,344	---	23,746	
30	Government of Thailand.	Meat processing plant.	750,000	---	750,000	July 16, 1959	5¾	10	U.S. dollars	750,000	---	750,000	---	10,316	
77	Livestock Trading Corp. (P).	Water distribution system.	19,500,000	---	17,500,000	Oct. 21, 1960	3½	30	Piasters.	---	---	---	---	---	
62	Saigon-Cholon Water Distri- bution System.	Railways.	9,700,000	---	9,700,000	Aug. 10, 1960	3½	15	do.	30,256	---	30,256	---	---	
129	Vietnam Railway System.	Electric power.	12,700,000	---	12,700,000	Jan. 6, 1961	3½	20	do.	---	---	---	---	---	
163	Government of Vietnam.	Other approvals.	12,850,000	---	12,850,000	---	---	---	---	---	---	---	---	---	
Subtotal, Far East.			289,576,000	---	273,626,000	8 (270,328,000)	---	---	---	49,790,076	437,000	48,432,093	---	73,087	
														1,068,180	



LATIN AMERICA														
60	Argentina:	Economic development.	24,750,000	Mar. 18, 1959	5½	9	U.S. dollars.	24,612,828	24,312,828	1,314,882				
192	Government of Argentina.	Routes 18 and 126.	6,000,000	May 26, 1961	3½	20	( <sup>9</sup> )							
39	Bolivia:	Sugar mill.	2,500,000	Feb. 5, 1959	5½	10½	Bolivianos.	2,497,649	2,487,649	43,909				
82	Government of Bolivia.	Construction of runway.	1,500,000	Oct. 22, 1959	3½	15	do.	48,760	48,760					
185	Sociedad Industrial Azucarera La Esperanza, S.A. (P).	Sugar mill.	1,750,000	June 12, 1961	5¼	8	do.							
45	Government of Bolivia.	Highway maintenance.	17 2,000,000											
	Brazil:	Resettlement project.	240,000	Mar. 4, 1959	8	14	Cruzeiros.	210,266	208,764					
52	Cooperativa Agro-Pecuaria Batavo Limitada & Sociedade Cooperativa Castrolanda Ltd. (P).	do.	300,000											
	Chile:	do.	300,000											
57	Government of Chile.	Airport design.	300,000	May 20, 1959	3½	3	Escudos.							
134	Do.	Airport construction (Pudahuel).	10,500,000	Dec. 7, 1960	3½	20	Escudos or U.S. dollars. ( <sup>11</sup> )							
188	Do.	Airport construction (Concepcion).	3,200,000	June 21, 1961	3½	20	do. ( <sup>11</sup> )							
199	Caja Central de Ahorros y Piestamos.	Central housing.	5,000,000	June 14, 1961	4	25	( <sup>11</sup> )							
38	Colombia: Government of Colombia.	Housing, resettlement, and penetration roads.	25,000,000											
	Costa Rica: 13 Societa Italiana de Colizzazione Agricola (P).	Resettlement project.	300,000	Jan. 13, 1959	5½	16	U.S. dollars.	299,883	296,883	21,336				
44	Government of Ecuador.	Highway construction.	4,700,000	Mar. 23, 1959	3½	20	Sucres. <sup>13</sup>	1,765,408	1,690,408	37,178				
102	Do.	do.	5,300,000	Nov. 6, 1959	3½	18	( <sup>14</sup> )	3,727,230	3,707,230	56,222				
195	Do.	Aerial photogrammetric mapping.	1,800,000				( <sup>16</sup> )							
213	Ecuadoran Housing Bank.	Central housing bank.	5,000,000				U.S. dollars.							
202	El Salvador: Republic of El Salvador.	Airport construction.	1,600,000				Centavos.							
63	Guatemala:	Rubber production.	5,000,000	Aug. 17, 1959	5¼	12	U.S. dollars.							
73	Banco de Guatemala.	Kenaf bag factory.	400,000	June 3, 1959	5¼	5	do.	399,217	399,217	19,899				
150	Productos de Kenaf (P).	Highway construction.	2,100,000	Jan. 24, 1961	3½	15½	do.							
174	Government of Guatemala.	do.	5,400,000				Quetzals.							
58	Haiti:	Irrigation.	4,300,000	May 28, 1959	3½	30	Gourdes.	2,005,308	2,002,308	9,935				
104	do.	Highway engineering.	300,000	Jan. 21, 1960	3½	3	do.	168,027	168,027					
108	Centrale Sucriere, S.M. (P).	Sugar mill.	3,000,000				Gourdes or U.S. dollars.							
	Haitian Agricultural Corp., SA (P).	Sisal plantation.	250,000											
1	Honduras:	Highway development.	5,000,000	May 10, 1958	3½	20	Lempiras.	2,248,885	2,148,885	61,089				
137	Empresa Nacional de Energia Electrica.	Canaveral hydroelectric.	2,800,000	Sept. 9, 1960	3½	25	do.							
64	Nicaragua:	Public utilities.	600,000	May 7, 1959	3½	15	U.S. dollars.	460,064	444,686	1,416				
132	Municipality of Matagalpa.	Rio Tuma hydroelectric.	2,500,000	June 30, 1960	3½	25	Cordobas.	40,121	40,121					
209	Empresa Nacional de Luz & Fuerza.	Highway construction.	4,300,000				do.							
	Government of Nicaragua.	do.	17 2,800,000											
149	Panama:	Feeder roads.	5,300,000	Nov. 10, 1960	3½	15	U.S. dollars.							
198	Republic of Panama.	Housing project.	2,500,000				do.							
10	Paraguay:	Water supply system.	1,000,000	Sept. 5, 1958	3½	20	Guaranies.	1,000,000	960,000	67,794				
	Corporacion de Obras Sanitarias de Asuncion.	Road improvement.	2,459,574	Oct. 29, 1958	3½	15	( <sup>15</sup> )	2,279,364	2,229,364	84,325				
14	Government of Paraguay.	Modernization of operations.	2,600,000	Nov. 6, 1958	5¼	8	U.S. dollars.	2,574,410	2,474,410	210,120				
16	International Products Corp. (P)	Telecommunications.	1,000,000	May 25, 1961	3½	10	( <sup>16</sup> )							
91	Government of Paraguay.	Highway construction.	4,500,000	Dec. 19, 1960	3½	15	Soles. <sup>13</sup>							
111	Government of Peru.	Savings and loan association.	1,000,000	July 13, 1960	5¼	20	U.S. dollars.							
119	Mutual Savings & Loan Association (P).	Home savings program.	7,500,000				( <sup>17</sup> )							
201	Government of Peru.	Agricultural settlement and roads.	17,500,000				( <sup>18</sup> )							



*Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961—Continued*

No.	Region, country, and borrower	Project	Authorizations and obligations			Data agree- ment signed (obligations)	Terms			Repayments		Loans out- standing	Interest collected	
			Amount au- thorized or obligated	Cancella- tions or ad- justments	Net		Inter- est rate	Dura- tion	Currency of repayment	Disburse- ment	U.S. dollars		Local currency	U.S. dollars
A. DIRECT LOANS—Continued														
LATIN AMERICA—Continued														
72	Uruguay: Administration General de las Unıtas Elctricas y los Telefonos de Estado (UTE).	Telephone system.....	8,800,000		8,800,000	Sept. 3, 1959	3½	20	(*)			2,475,163		15,152
175	Venezuela: Fundacion de la Viviends Pop- ular.	Housing project (P).....	5,000,000		5,000,000	Mar. 15, 1961	5	15	U.S. dollars.					
212	Banco Obrero.....	Central home savings.....	10,000,000		10,000,000		4	20	do.					
212	Central American Bank for Eco- nomic Integration.	Development Bank.....	5,000,000		5,000,000		4	15	do.					
189	Other approvals.....		21 16,375,000		16,375,000									
181	Subtotal, Latin America.....		231,065,000	-3,405,316	227,659,684	(\$126,034,684)					420,378	297,603	46,094,703	329,062
NEAR EAST														
41	Greece: Government of Greece.....	Fertilizer plant.....	12,000,000		12,000,000	Jan. 28, 1959	5½	12	Drachmas			10,812,105		777,087
107	Public Power Corp.....	Hydroelectric plant.....	31,000,000		31,000,000	Jan. 29, 1960	3½	25	do.			467,500		4,827
34	Iran: Plan Organization.....	Economic development.....	47,500,000	-1,045,000	46,455,000	Jan. 7, 1959	{ 3½	12	U.S. dollars.	300,000		45,810,194	2,381,743	
89	Industrial & Mining Develop- ment Bank of Iran (P).	Development bank.....	5,200,000		5,200,000	Nov. 19, 1959	5½	15	do.			241,756	2,554	
97	Plan Organization.....	Highway construction.....	25,000,000		25,000,000	Oct. 7, 1959	3½	17	do.	100,000		34,438,891	265,623	
97A	Do.....	do.	26,200,000		26,200,000	Dec. 20, 1960	3½	17	do.					
97B	Do.....	do.	12,000,000		12,000,000		3½	17	do.					
181	Government of Iran.....	Port and port facilities.....	12,000,000	-12,000,000										
5	Israel: Government of Israel.....	Economic development.....	15,000,000		15,000,000	June 25, 1958	5½	15	Pounds.		929,750	14,070,250		1,752,895
66	Industrial Development Bank of Israel (P).	Development bank.....	5,000,000		5,000,000	May 12, 1959	{ 5	10	do.		100,000	4,352,235		83,778
133	Industrial Development Bank (P).	do.	10,000,000		10,000,000	May 8, 1960	5	10	do.					
126	Government of Israel.....	Irrigation and agriculture.....	15,000,000		15,000,000	June 30, 1960	3½	20	do.			8,235,750		66,132
166	Do.....	Telephone development.....	6,000,000		6,000,000	Feb. 20, 1961	3½	10	do.					
56	Jordan: Transjordan Electric Power Co. (P)	Electric power.....	1,200,000		1,200,000	June 25, 1959	5½	10	Dinars			314,751		3,284
76	Jordan Phosphate Mines (P)...	Phosphate mines expansion...	2,500,000	-1,000,000	1,500,000	Oct. 26, 1959	5½	13	UK pounds.			892,164		13,615
160	Arab Land Bank.....	Development bank.....	1,000,000		1,000,000		4½	15	Dinars					
96	Lebanon: Societe de'Electricite de El Bared, S.A.L. (P).	Powerplant.....	500,000		500,000	Feb. 9, 1960	5½	12	U.S. dollars.					
99	Banque de Credit Agricole, Industriel et Foncier (P).	Development bank.....	5,000,000		5,000,000	May 4, 1960	4½	15	do.			434,580	3,827	
138	Societe Pour L'Industrie des Metaux, S.A. (P)	Aluminum plant.....	400,000		400,000	Nov. 8, 1960	5½	10	do.			229,752	587	
11	Turkey: Industrial Development Bank (P).	Development bank.....	10,000,000		10,000,000	Sept. 12, 1958	5	10	Lira.....			1,915,836		78,564
53	Maden Teknik ve Arma Ensti- tut.	Aerial mineral survey.....	900,000		900,000	Apr. 30, 1959	3½	5	do.			467,302		6,174
70	Turkiye Komur Islemeliri Kor- umu.	Coal mining facilities.....	14,500,000		14,500,000	do.	5½	12	do.			37,226		
71	Vinyles Plastics Ltd. (P).....	Plastics, carbide plant.....	6,100,000	-6,100,000										
87	Koruma Tarım İlaçları (P).....	Production of chemicals.....	2,800,000		2,800,000	Jan. 19, 1961	5½	10	do.					
98	ETİBANK.....	Electric power distribution.....	7,000,000		7,000,000	Jan. 21, 1960	3½	12	do.			14,020		
139	Government of Turkey.....	Railway construction.....	6,000,000		6,000,000	Dec. 19, 1960	3½	20	do.					
169	Eregli Iron & Steel Works (P).....	Steel mill.....	98,600,000		98,600,000	Jan. 9, 1961	5½	20	U.S. dollars.					
			31,000,000		31,000,000	do.	5½	20	do.					
115	U.A.R.-Egypt: Adfina Por L'Exportation de la Fabrication des Produits (P).	Canning and freezing plant.....	450,000	-250,000	200,000	Oct. 7, 1960	5½	10	Pounds.					
116	General organization for exe- cuting the 5-year industrial plan.	Bagasse pulp mill.....	6,700,000		6,700,000	Nov. 23, 1960	5½	13	do.					
223	Industrial Development Bank.....	Development Bank.....	7,000,000		7,000,000	Aug. 31, 1960	5	10	do.					



	142	Telecommunications Organiza- tion.	1,300,000	1,300,000	Jan. 19, 1961	3½	15	do.	687,712	122,887,960	1,563,814	400,000	2,673,627	2,796,356
		UAR-Syria: Modern Industries Corpora- tion (P). Industrial Development Bank. Posts, Telegraphs and Tele- phones Administration. Other approvals.	1,000,000 5,000,000 2,500,000 25,000,000	—300,000 — — —25,000,000	Nov. 5, 1959 Aug. 15, 1960 Oct. 3, 1960	5½ 5 3½	10 10 13	U.S. dollars Pounds do.	687,712	122,887,960	1,563,814	400,000	2,673,627	2,796,356
		Subtotal, New East.	463,350,000	—45,695,000	3 (394,655,000)				124,851,774					
		SOUTH ASIA												
	146	Afghanistan: Ariana Afghan Air- lines. Ceylon: Government of Ceylon.	700,000	—	June 24, 1958	5½	5	Afghanis.						
	4	Government of Ceylon.	1,600,000	—124,057	June 24, 1958	3½	20	Rupees	1,475,942	1,350,942	125,000			76,001
	8	Do.	900,000	—	July 28, 1958	3½	10	do.	685,770	610,770	75,000			16,813
	9	Do.	750,000	—	Sept. 3, 1958	3½	20	do.						
	103	Ceylon Cement Corp.	4,500,000	—4,500,000	Jan. 30, 1961	3½	20	do.						
	156	Government of Ceylon.	3,200,000	—	June 23, 1958	3½	20	do.	28,966,995	24,966,995	4,000,000			476,145
	2	Government of India.	35,000,000	—10,000,000	do.	5½	15	do.	32,012,695	27,346,028	4,666,667			1,285,360
	3	Do.	35,000,000	—	Dec. 24, 1958	3½	20	do.	35,000,000	34,600,000	400,000			2,041,792
	12	Do.	18,000,000	—	do.	3½	15	do.	17,185,571	16,557,702	600,869			293,326
	13A	Do.	22,000,000	—	do.	5½	15	do.	21,460,154	20,830,669	629,485			752,885
	13B	Do.	10,000,000	—	do.	3½	20	do.	10,000,000	9,600,000	400,000			263,512
	21	Do.	15,000,000	—	do.	5½	10	do.	12,019,573	11,719,573	300,000			850,245
	40	Do.	20,000,000	—	July 27, 1959	5½	10	do.	14,607,963	14,607,963				52,275
	78	Do.	10,000,000	—	Dec. 7, 1960	5	15	do.						
	118	Industrial Finance Corpora- tion.	8,400,000	—	June 30, 1960	3½	20	do.	5,142	5,142				
	120	Government of India.	3,900,000	—	do.	3½	14	do.						
	121	Ahmedabad Electricity Co. (P).	3,800,000	—	do.	3½	20	do.						
	122	Government of India.	30,000,000	—	do.	3½	20	do.						
	125	Do.	20,000,000	—	do.	3½	20	do.						
	130	Do.	13,100,000	—	do.	5½	5	do.	953,024	953,024				
	131	Do.	1,600,000	—	Dec. 5, 1960	3½	15	do.						
	140	Do.	2,500,000	—	do.	3½	20	do.						
	141	Do.	10,000,000	—	Apr. 10, 1961	5	10	do.						
	144	National Small Industrial Cor- poration.	50,000,000	—	Dec. 5, 1960	3½	20	do.						
	151	Government of India.	5,000,000	—	Mar. 23, 1961	5	15	do.						
	155	Industrial Credit & Invest- ment Corporation of India (P).	25,000,000	—	Dec. 5, 1960	5½	10	do.	666,985	666,985				
	157	Do.	25,000,000	—	do.	5½	15	do.	1,484,250	1,484,250				
	162	Hindustan Chemicals and Fer- tilizers.	30,000,000	—	Dec. 29, 1960	5½	15	do.						
	176	Premier Automobiles, Ltd. (P).	7,200,000	—	do.	5½	15	do.						
	180	Government of India.	33,000,000	—	do.	5½	15	do.						
	191	Do.	8,400,000	—	do.	3½	20	do.						
	197	Do.	21,500,000	—	do.	3½	20	do.						
	206	Do.	20,000,000	—	do.	3½	15	do.						
		Do.	33,000,000	—	do.	3½	15	do.						
	152	Nepal: Nepal Industrial Develop- ment Corporation.	400,000	—	June 20, 1961	5	15	Rupees.						
	6	Pakistan: Government of Pakistan.	5,500,000	—	June 30, 1958	3½	30	do.	2,097,349	2,022,349	75,000			58,470
	15	Pakistan Industrial Credit & Investment Corporation (PICIC) (P).	4,200,000	—	Dec. 4, 1958	5	5	do.	4,013,810	2,333,810	1,680,000			109,718
	20	Government of Pakistan.	9,100,000	—	Feb. 18, 1959	3½	20	do.	5,184,893	4,916,144	268,749			199,895
	23	Do.	17,500,000	—	do.	3½	30	do.	14,879,714	14,827,719	551,995			534,279
	25	West Pakistan Water and Power Development Au- thority.	2,750,000	—	Jan. 28, 1961	3½	20	do.	11,321,480	10,554,061	767,419			190,759
		Do.	15,200,000	—	Feb. 18, 1959	3½	20	do.						
	29	Do.	14,700,000	—	do.	3½	25	do.	7,104,440	6,704,440	400,000			176,526
	68	Do.	2,000,000	—	July 10, 1959	3½	20	do.						
	69	Do.	2,000,000	—2,000,000	do.	3½	20	do.						



## Development Loan Fund—Cumulative status of credit authorizations, as of June 30, 1961—Continued

No.	Region, country, and borrower	Project	Authorizations and obligations			Date agree- ment signed (obligations)	Terms			Disburse- ment	Repayments		Loans out- standing	Interest collected		
			Amount au- thorized or obligated	Cancellations or ad- justments	Net		Inter- est rate	Dura- tion	Currency of repayment		U.S. dollars	Local currency		U.S. dollars	Local currency	
A. DIRECT LOANS—Continued																
SOUTH ASIA—continued																
74	Sui Gas Transmission Co. (P)...	Expansion gas treating plant...	2,000,000		1,993,694	Feb. 19, 1960	5 3/4	12	Pounds	1,993,694		80,000	1,913,694		121,392	
79	Government of Pakistan...	Secondary transmission grid...	23,000,000		23,000,000	June 29, 1959	3 1/2	25	do.	1,364,825		200,000	1,164,825		17,661	
83	do.	Inland waterways...	1,750,000		1,750,000	Sept. 12, 1959	3 1/2	12	do.							
86	do.	Jet runway...	4,800,000	-1,000,000	3,800,000	Nov. 3, 1959	3 1/2	15	do.	2,903,533		10,000	2,893,533		5,993	
100	PICIC (Second) (P)...	Development bank...	10,000,000		10,000,000	Jan. 15, 1960	5 1/2	5	do.	2,969,322		525,000	2,444,322		21,954	
105	Government of Pakistan...	Railroad rehabilitation...	22,000,000		22,000,000	Jan. 16, 1960	3 1/2	20	do.	14,603,225			14,603,225		108,644	
127	do.	Indus water system...	70,000,000		70,000,000	Sept. 19, 1960	3 1/2	30	do.	3,675,000			3,675,000			
170	do.	W.A.H. factories...	5,200,000		5,200,000	June 14, 1961	5 3/4	15	do.							
171	do.	Dredger fleet...	2,300,000		2,300,000	do.	3 1/2	15	do.							
177	do.	Quetta thermal power...	6,000,000		6,000,000	do.	3 1/2	15	do.							
186	do.	Third railways...	6,500,000		6,500,000	do.	3 1/2	15	do.							
194	PICIC (Third) (P)...	Development bank...	7,500,000		7,500,000	May 12, 1961	5	7	do.							
Other approvals			2,500,000	-2,500,000												
Subtotal, south Asia...			804,950,000	-20,130,363	784,819,637	8 (655,819,637)				248,608,349		15,755,184	232,853,165		7,653,595	
Total, direct loans...			2,088,411,000	-107,038,166	1,981,372,834					537,647,211		4,365,877	513,516,100		12,826,743	
Total, obligations						1,674,397,834										

1 1st 1/2 in pounds sterling; 2d 1/2 in U.S. dollars.  
 2 Repayable in either pounds sterling or French francs.  
 3 Total obligations.  
 4 1/4 (\$16,875,000) in dinars; 1/4 (\$5,625,000) in U.S. dollars.  
 5 3/4 (\$11,250,000) in dinars; 1/4 (\$3,750,000) in U.S. dollars.  
 6 3/4 (\$11,250,000) in dinars; 1/4 (\$3,750,000) in U.S. dollars.  
 7 3/4 (\$17,250,000) in dinars; 1/4 (\$5,750,000) in U.S. dollars.  
 8 Private borrower.  
 9 Total obligations.  
 10 1st 5 years in pesos (639,613); remaining in U.S. dollars (\$5,360,357).  
 11 Loan will be supplemented with Public Law 480 funds.  
 12 1/2 escudos; 1/2 U.S. dollars.  
 13 Represents local currency disbursements under this loan—(see below local currency loan).

14 1/2 in sucres; 1/2 in U.S. dollars.  
 15 D.L.F. may at its option request repayment in U.S. dollars for the last 1/2 of that portion of the loan which may be disbursed in dollars.  
 16 On July 26, 1961, the following 3 loans to Costa Rica, included in the amount of \$16,375,000 for "Other approvals", were made public: (1) Banco Nacional de Costa Rica—\$5,000,000 for agricultural development (repayable in Costa Rican colones; 20 years; 3 1/2 percent). (2) National Water Supply & Sewerage Authority—\$3,500,000 for a metropolitan water supply (repayable in Costa Rican colones; 20 years; 3 1/2 percent). (3) Government of Costa Rica—\$125,000 for road construction (repayable in Costa Rican colones; 3 years; 3 1/2 percent).  
 17 Allocation.  
 18 1st 18 installments (\$1,204,000) in guaranies; remaining 12 (\$1,296,000) in U.S. dollars.  
 19 1st 1/2 in guaranies; 2d 1/2 in U.S. dollars.  
 20 1st 1/2 pesos; last 1/2 U.S. dollars.  
 21 1st 13 installments (\$1,545,000) in pesos; remaining loan (\$7,255,000) in U.S. dollars.  
 22 Includes \$8,625,000 in loans to Costa Rica made public on July 26, 1961. See footnote 16.

No.	Region, country, and borrower	Project	Maximum amount of loans sub- ject to guarantee	Maximum liability of DLF under guarantee	Net amount authorized or obli- gated	Loan in currency of country <sup>1</sup>	Date agreement signed (obligations)	Terms			Disburse- ments	Repayments		Loans out- standing	Interest collected	
								Inter- est rate	Dura- tion	Currency of repayment		U.S. dollars	Local currency		U.S. dollars	Local currency
	Total direct loans				\$1,981,372,834		\$1,674,397,834				\$537,647,211	\$4,365,877	19,765,234	\$513,516,100	\$4,707,390	12,826,743
	B. GUARANTEED LOANS															
G-2	Liberia: Bank of Monrovia (P)	Development bank		\$500,000	250,000		Oct. 9, 1959	( <sup>2</sup> )	U.S. dollars						62	
G-3	Taiwan: Ingalls Taiwan Ship- building Co. (P). Other guaranteed loans	Expansion of shipyard	\$1,000,000 995,727	497,864	497,864		Sept. 18, 1958	( <sup>2</sup> )	do.						108,406	
	Total guaranteed loans		54,000,000	54,000,000	27,000,000											
	Charges against DLF dollar lending authority.		55,995,727	54,997,864	27,747,864		\$747,864								108,468	
	C. LOCAL CURRENCY LOANS				2,009,120,698		\$1,675,145,698				537,647,211	4,365,877	19,765,234	513,516,100	4,718,298	12,826,743
172	Israel: Government of Israel	Airport construction			\$925,926			3½	Israel pounds							
44-LO	Ecuador: Government of Ecua- dor.	Highway construction			\$64,108		Mar. 23, 1959	3½	20 20							

<sup>1</sup> In U.S. dollar equivalents.  
<sup>2</sup> 2 percent fee.

<sup>3</sup> Israeli pounds.  
<sup>4</sup> Sucres.

<sup>5</sup> Guaranies.  
 (P) Private borrower.

NOTE.—Totals do not add due to rounding.



U.S. foreign assistance, by region and country, cumulative, fiscal year 1946 through fiscal year 1960

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance											
			Total economic	Mutual Security program				Non-Mutual Security program						
				Total	ICA	DLF	Other non-MSP economic	Total	Public Law 480			Export-Import Bank	Other non-MSP economic	
									Title I		Title II			Title III
Total, sales agreements	Planned for loans and grants													
Total, all countries.....	84,090.8	27,105.7	56,985.1	29,057.0	26,642.9	1,359.5	1,054.7	27,928.0	(4,774.5)	3,428.9	497.6	1,599.3	5,992.2	16,410.0
Europe.....	43,135.6	14,830.8	28,304.8	15,136.2	14,935.6	119.2	81.4	13,168.6	(1,417.4)	725.7	158.6	690.8	2,273.2	9,320.3
Austria.....	1,170.1		1,170.1	723.5	723.5			446.6	(40.9)	26.3	24.6	26.5	41.1	328.1
Belgium-Luxembourg.....	1,935.2	1,194.1	741.1	558.7	558.7			182.4				.2	150.0	32.2
Denmark.....	822.2	521.9	300.3	279.3	279.3			21.0					20.0	1.0
France.....	9,423.6	4,242.8	5,180.8	3,183.8	3,183.8			1,097.0	(57.9)	14.0		11.9	1,262.0	709.1
Germany (Federal Republic).....	4,993.9	947.7	4,046.2	1,470.0	1,470.0			2,576.2	(1.2)		3.4	134.5	10.0	2,428.3
Berlin.....	127.0		127.0	114.1	110.4		3.7	12.9						12.9
Iceland.....	62.6		62.6	54.0	54.0			8.6	(10.3)	8.2				.4
Ireland.....	146.2		146.2	146.2	146.2									
Italy (including Trieste).....	5,517.0	2,102.9	3,414.1	1,645.1	1,645.1			1,769.0	(152.9)	106.7	79.3	206.2	205.8	1,171.0
Netherlands.....	2,416.0	1,187.5	1,228.5	990.2	987.2	3.0		238.3	(.3)			.2	202.2	36.0
Norway.....	1,024.5	674.7	349.8	274.8	274.8			75.0				(*)	50.0	25.0
Poland.....	509.4		509.4	61.0			61.0	448.4	(235.3)			6.7	40.0	401.7
Portugal.....	370.6	298.0	72.6	49.8	49.8			22.8	(7.1)	3.4		19.4		
Spain.....	1,470.3	456.6	1,013.7	539.4	512.5	26.9		474.3	(456.6)	238.2	4.2	131.9	100.0	
Sweden.....	108.9		108.9	106.8	106.8			2.1						2.1
United Kingdom.....	8,668.3	1,000.1	7,668.2	3,828.9	3,828.9			3,839.3	(48.4)			.3	2.1	3,836.9
Yugoslavia.....	2,132.4	693.9	1,438.5	519.6	415.3	89.3	15.0	918.9	(406.6)	328.0	47.1	153.1	55.0	335.7
Regional.....	2,237.3	1,510.6	726.7	590.9	589.2		1.7	135.8		.8			135.0	
Far East.....	18,956.9	6,775.3	12,181.6	6,508.2	6,031.1	230.5	246.6	5,673.4	(572.2)	455.7	48.7	263.8	488.5	4,416.7
Burma.....	93.9		93.9	49.4	49.4			44.5	(40.7)	37.6		1.9		5.0
Cambodia.....	263.6	67.3	196.3	194.0	194.0			2.3			2.3	(*)		
China, Republic of.....	3,894.5	2,034.6	1,859.9	1,248.7	1,050.6	78.4	119.7	611.2	(40.8)	29.5	2.9	43.3	33.2	502.3
Indochina (undistributed).....	1,535.0	709.4	825.6	825.6	825.6									
Indonesia.....	558.0		558.0	198.2	186.6	11.6		359.8	(148.3)	123.4		5.3	163.4	67.7
Japan.....	3,462.5	916.5	2,546.0	21.1	21.1			2,524.9	(146.3)	106.2	73.0	23.4	159.5	2,198.8
Korea.....	4,486.6	1,514.8	2,971.8	1,866.3	1,725.9	18.8	121.6	1,105.5	(164.7)	136.3	4.8	105.0		859.4
Laos.....	301.2	68.7	232.5	231.7	231.7			.8			.8	(*)		
Malaya.....	21.8		21.8	20.0		20.0		1.8				1.8		
Philippines.....	1,555.7	353.5	1,202.2	273.8	223.8	50.0		928.4	(13.8)	9.1		26.1	115.9	777.3
Thailand.....	571.8	305.7	266.1	239.2	216.7	22.5		26.9	(4.6)	3.9		.4		
Vietnam.....	1,895.9	497.7	1,398.2	1,331.2	1,302.0	29.2		67.0	(13.0)	9.7	.7	56.6	16.5	6.2
Regional.....	316.1	307.1	9.0	9.0	3.7		5.3							
Near East and south Asia.....	13,392.5	4,410.2	8,982.3	5,090.6	4,042.5	825.1	223.0	3,891.7	(2,317.7)	1,886.6	144.6	401.7	564.4	894.4
Near East.....	8,648.4	3,834.5	4,813.9	3,139.1	2,892.0	246.5	.4	1,675.0	(623.7)	443.7	57.9	225.6	352.1	595.7
Greece.....	3,073.5	1,378.9	1,694.6	999.8	956.4	43.0	.4	694.8	(72.2)	51.8		91.6	14.7	536.7
Iran.....	1,012.5	457.5	555.0	453.1	375.4	77.7		101.9	(12.4)	8.3	3.4	5.2	57.7	27.3
Iraq.....	65.3	46.1	19.2	16.6	16.6			2.6				1.7		.9
Israel.....	709.1	1.0	708.1	349.9	309.9	40.0		358.2	(167.8)	143.3		52.1	162.7	.1
Jordan.....	230.9	17.6	213.3	183.1	180.4	2.7		30.2			19.5	9.4		1.3
Lebanon.....	86.1	8.7	77.4	57.7	51.8	5.9		19.7			14.8		3.2	1.7
Saudi Arabia.....	46.6	(1)	46.6	27.4	27.4			19.2					14.8	4.4
Turkey.....	3,094.9	1,924.7	1,170.2	934.2	80.5	53.5		236.2	(221.5)	129.2	12.2	3.5	79.1	12.2
United Arab Republic.....	295.0		295.0	90.8	67.1	23.7		204.2	(149.8)	111.1		62.1	19.9	11.1
Yemen.....	11.3		11.3	3.3	3.3			8.0			8.0			
CENTO.....	23.2		23.2	23.2	23.2									
South Asia.....	3,890.0	1.5	3,888.5	1,675.1	1,129.5	545.6		2,213.4	(1,694.1)	1,443.0	86.8	172.6	212.3	298.7
Afghanistan.....	145.7	1.5	144.2	84.0	83.3	.7		60.2			20.3	.3	39.5	.1
Ceylon.....	65.3		65.3	23.4	15.6	7.8		41.9	(21.0)	16.5	9.3	16.1		
India.....	2,383.9		2,383.9	753.6	420.3	333.3		1,630.3	(1,286.5)	1,103.9	4.9	125.3	165.5	230.7
Nepal.....	39.4		39.4	18.9	18.9			20.5		16.8	3.7			
Pakistan.....	1,255.7	(1)	1,255.7	795.2	591.4	203.8		460.5	(386.6)	305.8	48.6	30.9	7.3	67.9
Regional.....	854.2	574.2	280.0	276.7	21.0	33.0	222.7	3.3				3.3		

Footnote at end of table.

## U.S. foreign assistance, by region and country, cumulative, fiscal year 1946 through fiscal year 1960—Continued

[Millions of dollars]

Region and country	Grand total	Total military	Economic assistance											
			Total economic	Mutual Security program				Non-Mutual Security program						
				Total	ICA	DLF	Other non-MSP economic	Total	Public Law 480		Title II	Title III	Export-Import Bank	Other non-MSP economic
									Total, sales agreements	Planned for loans and grants				
Latin America.....	4, 447. 1	389. 8	4, 057. 3	561. 1	443. 9	94. 4	22. 8	3, 496. 2	(467. 2)	359. 2	39. 0	120. 3	2, 586. 1	391. 6
Argentina.....	460. 5	6. 2	454. 3	26. 5	1. 7	24. 8		427. 8	(62. 3)	42. 9			384. 8	. 1
Bolivia.....	191. 7	. 5	191. 2	130. 6	126. 4	4. 0		60. 6			17. 4	6. 2	26. 4	10. 6
Brazil.....	1, 376. 5	152. 5	1, 224. 0	38. 4	38. 2	. 2		1, 185. 6	(178. 4)	148. 1		18. 2	973. 8	45. 5
Chile.....	364. 6	39. 7	324. 9	45. 2	23. 9	10. 8	10. 5	279. 7	(42. 0)	33. 3		35. 4	205. 9	5. 1
Colombia.....	249. 5	25. 7	223. 8	11. 3	11. 3			212. 5	(69. 9)	51. 4		21. 2	137. 3	2. 6
Costa Rica.....	68. 7	(*)	68. 7	10. 9	10. 6	. 3		57. 8			. 2	. 8	21. 0	35. 8
Cuba.....	52. 0	10. 6	41. 4	2. 8	2. 8			38. 6				. 6	37. 5	. 5
Dominican Republic.....	8. 8	6. 1	2. 7	2. 1	2. 1			. 6						. 6
Ecuador.....	84. 3	17. 5	66. 8	29. 1	19. 1	10. 0		37. 7	(9. 3)	7. 1		2. 2	24. 7	3. 7
El Salvador.....	10. 0	. 1	9. 9	7. 1	7. 1			2. 8				1. 0		1. 8
Guatemala.....	117. 4	1. 5	115. 9	69. 2	63. 8	5. 4		46. 7			3. 2	1. 5	6. 2	35. 8
Haiti.....	80. 4	5. 5	74. 9	39. 1	31. 5	7. 6		35. 8			3. 5	4. 3	25. 0	3. 0
Honduras.....	34. 9	1. 1	33. 8	21. 3	13. 5	7. 8		12. 5			. 2	2. 4	3. 5	6. 4
Mexico.....	600. 0	4. 8	595. 2	6. 8	6. 8			588. 4	(25. 2)	17. 7	. 2	4. 4	466. 5	99. 6
Nicaragua.....	42. 5	1. 6	40. 9	9. 5	6. 4	3. 1		31. 4					12. 1	19. 3
Panama.....	58. 6		58. 6	12. 9	12. 9			45. 7				5. 3	17. 2	23. 2
Paraguay.....	39. 5	. 5	39. 0	22. 0	14. 9	7. 1		17. 0	(2. 9)	2. 1		1. 6	10. 4	2. 9
Peru.....	334. 3	51. 2	283. 1	28. 1	23. 6	4. 5		255. 0	(34. 0)	24. 1	13. 9	7. 8	198. 6	10. 6
Uruguay.....	72. 3	23. 2	49. 1	10. 6	1. 8	8. 8		38. 5	(43. 2)	32. 5	(*)	. 2	2. 6	3. 2
Venezuela.....	73. 3	38. 0	35. 3	1. 2	1. 2			34. 1					32. 6	1. 5
West Indies Federation.....	11. 5		11. 5	5. 5	5. 5			6. 0				6. 0		
Overseas Territories.....	4. 8		4. 8	3. 1	3. 1			1. 7			. 3	1. 4		
Regional.....	111. 1	3. 5	107. 6	27. 6	15. 5		12. 1	80. 0						80. 0
Africa.....	822. 1	57. 2	764. 9	525. 4	437. 9	87. 5		239. 5			79. 8	22. 9	80. 0	56. 8
Ethiopia.....	115. 0	42. 5	72. 5	37. 8	37. 3	. 5		34. 7			5. 9	. 5	27. 4	. 9
Ghana.....	4. 0		4. 0	2. 7	2. 7			1. 3			. 6	. 7		
Guinea.....	3. 8		3. 8	2. 1	2. 1			1. 7			1. 7			
Liberia.....	73. 3	1. 5	71. 8	23. 2	19. 8	3. 4		48. 6				. 6	40. 1	7. 9
Libya.....	154. 0	2. 9	151. 1	94. 4	89. 4	5. 0		56. 7			26. 2	5. 1		25. 4
Morocco.....	194. 7		194. 7	170. 4	147. 4	23. 0		24. 3			11. 9	12. 4		
Nigeria.....	6. 2		6. 2	5. 8	5. 0	. 8		. 4				. 2		. 2
Somali Republic.....	9. 1		9. 1	8. 8	6. 8	2. 0		. 3			. 3	(*)		
Sudan.....	44. 1	(*)	44. 1	44. 1	34. 1	10. 0		(*)			(*)	(*)		
Tunisia.....	135. 2		135. 2	100. 6	68. 5	32. 1		34. 6			33. 1	1. 5		
Overseas territories.....	60. 9		60. 9	24. 2	24. 2			36. 7				1. 8	12. 5	22. 4
Regional.....	21. 6	10. 3	11. 3	. 6	. 6	10. 7								
Nonregional.....	3, 336. 2	642. 4	2, 693. 8	1, 235. 6	751. 9	2. 9		1, 458. 2		1. 5	26. 8	99. 8		1, 330. 2

\* Military data classified and included in NEA regional total.

## DEVELOPMENT LOAN FUND

## Recapitulation of budget estimates, authorizations, and appropriations for fiscal years 1958 through 1961

Fiscal years	Budget estimate	Authoriza-tion	Appropriation
1958.....	\$2,000,000,000	\$500,000,000	\$300,000,000
1959.....	625,000,000	625,000,000	550,000,000
1960.....	700,000,000	700,000,000	550,000,000
1961.....	700,000,000	1,100,000,000	600,000,000
Total.....	4,025,000,000	2,925,000,000	2,000,000,000

## DEVELOPMENT LOAN FUND

Fiscal year 1958: Budget estimate was \$2 billion, comprised of the following: (1) \$500 million to be appropriated for fiscal year 1958, and (2) \$1.5 billion of borrowing for fiscal years 1959 and 1960. (Seven hundred and fifty million dollars in fiscal year 1959 and \$750 million in fiscal year 1960.) Congress authorized \$1,125 million for the fiscal years 1958 and 1959, as follows: (1) For fiscal year 1958, \$500 million; (2) for fiscal year 1959, \$625 million. Congress appropriated for fiscal year 1958, a total of \$300 million.

Fiscal year 1959: Budget estimate presented to Congress was \$625 million. This

amount was authorized in previous year by Congress. Congress appropriated \$550 million.

Fiscal year 1960: Budget estimate submitted to Congress was \$700 million. Congress authorized \$700 million for fiscal year 1960 and \$1.1 billion for fiscal year 1961, thus granting a 2-year authorization, as was done in fiscal year 1958. Congress finally appropriated \$550 million for fiscal year 1960.

Fiscal year 1961: Budget estimate submitted to Congress was \$700 million. In previous year, Congress had authorized \$1.1 billion for fiscal year 1961. Congress appropriated \$600 million for fiscal year 1961.



Status of DLF loans by region, as of June 30, 1961

[In thousands]

Region and fiscal year	Number of loans		Amount		Disbursed	Re-paid	Interest and fees collected
	Approved	Obligated	Approved <sup>1</sup>	Obligated			
<b>Africa:</b>							
1958	1		\$9,300.0				
1959	9	7	31,540.0	\$28,840.0	\$50		
1960	4	4	46,700.0	24,550.0	7,780	\$36	\$2
1961	10	7	80,293.6	37,393.6	8,715	86	126
<b>Total</b>	<b>24</b>	<b>18</b>	<b>167,833.6</b>	<b>90,783.6</b>	<b>16,545</b>	<b>122</b>	<b>128</b>
<b>Europe:</b>							
1958	1		3,000.0				
1959	7	5	75,300.0	53,100.0	561		
1960	3	5	40,850.0	43,050.0	12,556	370	111
1961	2	3	17,878.9	40,878.9	37,923	3,845	1,077
<b>Total</b>	<b>13</b>	<b>13</b>	<b>137,028.9</b>	<b>137,028.9</b>	<b>51,040</b>	<b>4,215</b>	<b>1,188</b>
<b>Far East:</b>							
1958	7		38,236.0				
1959	19	19	139,990.0	118,626.0	2,513		40
1960	9	12	52,300.0	48,650.0	13,045	125	233
1961	5	8	43,597.8	103,547.8	34,232	1,233	868
<b>Total</b>	<b>40</b>	<b>39</b>	<b>274,123.8</b>	<b>270,823.8</b>	<b>49,790</b>	<b>1,358</b>	<b>1,141</b>
<b>Latin America:</b>							
1958	3	1	8,500.0	5,000.0			
1959	15	12	57,290.0	44,190.0	3,073		9
1960	7	6	28,600.0	23,400.0	25,430	274	450
<b>Latin America:</b>							
1961	24	13	\$133,269.7	\$53,444.7	\$18,414	\$444	\$1,494
<b>Total</b>	<b>49</b>	<b>32</b>	<b>227,659.7</b>	<b>126,034.7</b>	<b>46,917</b>	<b>718</b>	<b>1,953</b>
<b>Near East:</b>							
1958	4	1	89,000.0	15,000.0	1,500		
1959	14	7	83,400.0	91,100.0	35,098	50	210
1960	10	10	74,050.0	95,900.0	37,672	291	1,555
1961	26	12	171,205.0	192,655.0	50,582	1,623	5,328
<b>Total</b>	<b>34</b>	<b>30</b>	<b>417,655.0</b>	<b>394,655.0</b>	<b>124,852</b>	<b>1,964</b>	<b>7,093</b>
<b>South Asia:</b>							
1958	10	4	119,350.0	82,100.0			
1959	12	13	180,650.0	185,350.0	24,269	25	33
1960	16	13	278,500.0	141,750.0	106,374	6,373	1,490
1961	15	17	206,319.6	246,619.6	117,965	9,357	6,131
<b>Total</b>	<b>53</b>	<b>47</b>	<b>784,819.6</b>	<b>655,819.6</b>	<b>248,608</b>	<b>15,755</b>	<b>7,654</b>
<b>All regions:</b>							
1958	26	6	267,386.0	102,100.0	1,500		
1959	76	63	568,170.0	521,206.0	65,564	75	292
1960	49	50	521,000.0	377,300.0	202,857	7,469	3,841
1961	62	60	652,564.6	674,539.6	267,831	16,588	15,024
<b>Total</b>	<b>213</b>	<b>179</b>	<b>2,009,120.6</b>	<b>1,675,145.6</b>	<b>537,752</b>	<b>24,132</b>	<b>19,157</b>

<sup>1</sup> Includes allocations.<sup>2</sup> Includes 1 local currency loan.<sup>3</sup> Includes 2 guarantees.

Mr. ELLENDER. Mr. President, we cannot afford another decade of waste in the sixties.

We cannot continue to reward mediocrity if not outright failure but that is what we will be doing if we permit the new development loan program to be financed by borrowing authority instead of by annual no-year appropriations.

Mr. President, if Congress were to grant borrowing authority to finance the new Development Loan Fund, in effect, it would be shifting the burden of proof from the executive department to the Congress. If Congress at some subsequent date wished to curtail or eliminate the Development Loan Fund, it would have the burden of proving that it should be done. Then, too, Mr. President, it must also be taken into consideration that if the Congress were to grant this authority it, of course, would be granted by a mere majority vote. If, however, on a subsequent date Congress wished to reverse itself, it would be necessary for the then-existing Congress to obtain a two-thirds vote because there is little doubt that the President would veto any vote by a mere majority which endeavored to kill the borrowing authority that would be granted by this Congress should the position of the Senate Foreign Relations Committee pre-bail.

Has the Development Loan Fund that we created in 1957 functioned so well and performed so outstanding a job that Congress feels that it should no longer have the burden of proving or of justifying its request for funds? Certainly not, Mr. President, and I hope that the Senate will not permit this to happen.

Let us sustain fiscal integrity in our foreign aid operations.

Let us adopt the amendment of the senior Senator from Virginia and affirm

the decisions we made in 1957 and 1959. This is no time to strip the gears by reversing ourselves.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina [Mr. THURMOND] is recognized for 20 minutes.

Mr. THURMOND. Mr. President, I rise to oppose the foreign aid program and to support the Byrd amendments. In my judgment, the great Senator from Virginia is one of the most able financiers this country has ever produced, and I am proud to support the amendments he has offered to eliminate the back-door financing provision of the proposed foreign aid program.

Representative OTTO PASSMAN, from the Fifth District of Louisiana, is to be highly commended for the great study he has made of this particular provision of the proposed foreign aid bill and the information he has made available to all Members of Congress concerning it. Probably no Member of Congress is more knowledgeable on this subject than is this able Representative from Louisiana.

Once a program is approved, it would require an act of Congress to reduce the amount of borrowing authorization, and the burden of proving the project unsound would be on Congress. The testimony given at the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives bears out that statement. I refer to page 143 of the House hearings. I read from the testimony:

Mr. PASSMAN. The burden of proof will be on the Congress, to make out a case that the projects are unsound and that you do not need the money, rather than on the part of the executive that they are good and that you do need the money; is that correct?

Secretary DILLON. I think there will be a shift in the burden of proof. That is right.

Secretary Dillon admits that, once given this authority, he would not expect the Congress to attempt to take it back. On that point I read a brief excerpt from the testimony on page 125 of the House hearings:

Mr. PASSMAN. If the borrowing authority has been granted, the executive branch would enter into commitments and obligations. It would not be expected that the Congress, in subsequent years, would pass legislation that would cancel those commitments. Is that not about the position we would be in?

Secretary DILLON. I think there would be a very strong presumption against canceling even these conditional commitments, but if one of them should be very bad and you should find this was a complete waste of money, there would be no reason not to take action to limit either that specific one or the overall total.

There is nothing in the bill to prevent the administration from committing the entire \$8.8 billion during the first fiscal year of the authorization. On that point I read from the hearings of the House committee, page 153:

Mr. PASSMAN. In effect, the executive branch could, if it should so determine, commit the entire \$8.8 billion during fiscal year 1962 on a conditional basis?

Secretary DILLON. They could commit \$1.187 billion of it firmly, and they could commit the rest of it, which I think comes to about \$7.6 billion, conditionally, if—

Mr. PASSMAN. It could be committed, nevertheless?

Secretary DILLON. Conditionally, it could be.

The program is not a loan program, as the public has been led to believe. It is a development financing program, and most of the funds would be advanced on a 50-year term basis, without interest,



and with a 10-year grace period before any repayments are required.

I read from page 140 of the hearings before the House subcommittee on that point:

Mr. PASSMAN. In your professional position as a banker, Mr. Secretary, would you actually call these things loans, if there is no interest? Would they come under the category of hard loans?

Secretary DILLON. No. They call them development credits, and I think that is a good name for them.

Secretary Dillon is frank in stating that he expects that other portions of the program would be shifted to the new back-door spending approach, and this means that as each year passed, Congress would lose control over more and more phases of the program. On this point I read from page 208 of the House hearings:

Mr. PASSMAN. So, it could be that under the new proposal, the major portion of the financing would switch over to the back-door approach, and the economic request for appropriation would be less.

Secretary DILLON. I think the economic request would be less.

Secretary Dillon admits that he does not anticipate better programs or better projects, but demands long-term financing. On this point I read from page 146 of the House hearings:

Mr. PASSMAN. Mr. Secretary, when you are talking about better planning you are not talking about better planning of the projects and programs. You are talking about better financial planning. Have I stated that accurately?

Secretary DILLON. I think it is better finance planning in the recipient countries.

Mr. PASSMAN. It does not make for a better project?

Secretary DILLON. It has not to do with the technical part of the project.

Mr. PASSMAN. Essentially, it is for better financial planning, and not for better planning for the project?

Secretary DILLON. It carries with it such things as land reform, et cetera.

Mr. PASSMAN. But you would not change the program or the planning or the project. We are discussing financial planning, are we not?

Secretary DILLON. I think that is the basis of it.

It seems to me that anyone can read the testimony that was taken at the House hearings and the testimony taken at the Senate hearings, and they will be convinced that the program is a dangerous one. I would like to remind the Senate that the Congress is entrusted with the authority and duty of appropriating money. That is the lawful way, and the authority that is requested in the bill for a 5-year program through back-door financing, in my judgment is an unconstitutional procedure which would vest in the executive branch of the Government the authority to raid the Treasury for a period of 5 years of up to \$8.8 billion. Congress, in my opinion, cannot divest itself of a function which is entrusted in it by the Constitution.

Mr. President, I am under no illusion that the administration has not done a great deal of work on this program in trying to put over the back-door financing provision of this bill. It would certainly be much easier for them this way, inasmuch as they would not have to come

before Congress year after year and attempt to justify their expenditures. They will have a 5-year authorization with hardly any strings attached. It will deprive Congress from performing its duty to the people and to the Nation of guarding against wasteful spending and providing for efficient governmental programs.

In my opinion there has been a great deal of waste in the foreign aid program. If this bill is enacted by Congress, and if it includes the 5-year back-door financing provision, there will be even greater waste in the future.

I am proud of the fact that the Senator from Virginia [Mr. BYRD] has offered his amendment. I wholeheartedly support it, and I urge the Senate to adopt it.

Mr. BYRD of Virginia. Mr. President, I yield 35 minutes to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, I rise to support the Byrd amendment to the foreign aid bill, S. 1983. This amendment would require yearly action by Congress, through its regular appropriation processes, to finance foreign aid.

Adoption of this amendment would amount to a rejection of the "back-door" financing proposal of President Kennedy, embracing some \$9 billion over a 5-year period without any further action by Congress.

Senator BYRD, when he submitted and commented on his amendment on July 28, inserted in the CONGRESSIONAL RECORD at page 12903 a 5-year projection—fiscal years 1962 to 1966—of spending authority for U.S. foreign aid programs, on the assumption that 1962 level of appropriations would be continued in succeeding years, and on the further assumption that S. 1983 would be enacted into law.

He came out with the astounding total of \$36.6 billion.

This is a tremendous amount of money, especially when added to the many other financial commitments of our Nation.

If we expect to retain our economic strength and fiscal soundness as a basis for survival and freedom, the American people are entitled to a continual review of such huge expenditures. It should be an affirmative control. It should be by the procedures and precedents established in our Government, not by method which is more "expedient," or easier or more "efficient" to administer.

Long-term back-door financing does not furnish the type of review and control which we should have. It shifts the burden of changing the foreign-aid program to the Congress. Should the President disagree with the initial judgment of Congress and use his veto power, it would require a two-thirds vote to override his action.

This means that Congress would be abandoning its legislative role and in the initial instance be assuming the veto function.

We should always remember that Congress was intended to legislate. It should pass the laws. It is for the President to exercise the veto.

The proposed back-door financing amounts to a request that Congress abdicate

duties and responsibilities placed upon it by the Constitution and followed in a history of almost 175 years.

Under such a burden, Members of Congress will not be able to render to their constituents the accounting and service which they pledged, and to which they are bound in conscience to exercise.

During the course of the debate it has been repeatedly brought out that the back-door financing feature of this bill applies to only \$8.8 billion, which is only about 25 percent of the total foreign-aid program.

Percentages mean little when we deal in multibillion dollar sums. It is still almost \$9 billion of money which must be taken out of the taxpayers' pockets.

It should be noted that the remainder of the foreign-aid program is subject to control and review.

Also let us be aware of the happenings in South America at the Conference of Ministers of the Western Hemisphere, where the United States proposed a \$20 billion for Latin American aid. In the judgment of the Senator from Nebraska, we will be faced with similar requests for back-door financing on this vast sum in very short order.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HRUSKA. I am happy to yield.

Mr. AIKEN. The Senator from Nebraska might add that the commitment or promise being made in Uruguay today is being made without any congressional approval whatever, in contrast to the commitment that was made at the Bogotá conference last fall. Mr. Dillon has no authorization from Congress to promise a 10-year, \$20 billion program, as he is reported to have done in Uruguay.

Mr. HRUSKA. It is my recollection—and if I am in error I hope the Senator from Vermont will correct me—that in the instance of the Inter-American Development Bank, there was authorization by Congress and eventually a regular appropriation. That was after that Bogotá conference, where the proposal was made, that we appropriated funds to implement the program. Is that correct?

Mr. AIKEN. Yes. Before making the commitment at Bogotá, President Eisenhower had asked for congressional approval of that commitment. The money had not been appropriated, and was not appropriated until after President Kennedy assumed office. That is in sharp contrast to the commitments being made by Secretary Dillon in Uruguay today. So far as I know, the administration has not requested congressional approval for the Secretary of the Treasury to commit this country to a 10-year program. He is going ahead without its consideration by Congress.

Mr. HRUSKA. I thank the Senator from Vermont for his contribution. A little later in my remarks I shall refer more particularly to the conference in Punta del Este, Uruguay.

Some aspects of the foreign aid program in these last 15 years have served well as an instrument of our defense and of our foreign policy. However, as matters now stand, and particularly in



the grant and loan provisions for economic development, there has been a virtual breakdown of the program.

While this is commonly and generally recognized, I shall develop this thought in greater detail later in my remarks.

Advocates of the bill argue that such failure is no reason for total elimination of the program. But that is begging the question, because having said that the program should not be abandoned, they assume that their plan should continue and proceed on that premise.

The fact is that there is no convincing or persuasive showing that the plan will change and correct the defects and deficiencies effectively and sufficiently warranting enactment of such bill into law.

It would be far better not to expand and increase the scope of the activities and funding of foreign aid in the way proposed, and thus compound the present situation.

The better course would be to reduce the entire effort to manageable proportions, so as to assure the attainment of the declared goals of the program. These goals are to strengthen the economic, military, and international position of the United States and to assure not only our survival, but our true independence and full freedoms.

#### LONG AND COMPLEX HISTORY OF FOREIGN AID

Foreign aid has been going on for about 15 years since World War II. In that time some \$90 billion has been expended toward a great variety of projects and activities, in an area virtually covering the globe. In fact, 97 out of the 110 nations of the world have been recipients of some funds or other assistance.

Its labels and names have changed through the years. The following tabulation gives one some idea:

LLA: Lend Lease Administration.  
FEA: Foreign Economic Administration.  
ECA: Economic Cooperation Administration, the first postwar label.  
TCA: Technical Cooperation Administration.  
MSA: Mutual Security Administration.  
FCA: Foreign Cooperation Administration.  
ICA: International Cooperation Administration.  
AID: Agency for International Development.

The several categories of foreign aid have also been defined, redefined, and changed many times.

But they have not changed in essence. Basically they are defense, armament, defense support, economic development, and technical assistance.

Some of them have achieved a great deal of benefit and of these the American people have no complaint.

For example, the relief and rehabilitation efforts immediately after World War II brought food, clothing, and housing to millions in war-torn areas. They brought jobs and hope with the industrial rebuilding of Western Europe and other areas.

There have been famines and disasters which necessitated help no one begrudged.

The military assistance and rearmament which followed the outbreak of the Korean war were considered vital be-

cause of Communist activity and threats. In the formation of NATO and other defense treaties, there was a unification and strengthening of the free world position which was entirely in order.

Defense support is a splendid example of proper expenditure of effort and funds. When money and equipment were sent to South Korea in support of its troops used to implement the Korean truce, we did two things: First, we brought our boys home where they belonged; second, we effected the necessary patrolling and holding action at much less cost than we could have done it ourselves.

In another area of the world it has been estimated that it costs about \$400 per year to maintain a Turkish soldier in the field. To maintain an American would cost some \$4,000 per year.

Many beneficial programs have been accomplished by the offer of technical assistance, in spite of some bad blunders. It is still a plan with considerable capabilities.

But in the field of economic development the story in recent years has been sad, sorry, and sordid. It did not start out this way.

#### FOREIGN AID IN WESTERN EUROPE

A tremendous change has occurred in the nature and in the location of foreign aid in the past 15 years. There is a vast difference between nations and peoples to whom aid was given during the early years of the program and that given later.

The Marshall plan type of aid of early postwar years was extended mainly to European nations with a prewar history of high industrialization and scientific advancement of a literate population well schooled in orderly government and social procedures.

They had something to rebuild on, with records, experience, and personal recollections. They had something to restore.

Increased productivity and regained stability and prosperity justified the program.

To the extent that the 4-year Marshall plan contributed to this result, and to the alinement of these nations on the side of the free world, we rejoice at the outcome. There now remain only some traces of aid in this area, principally through NATO and the military assistance and support which we furnish for the common defense.

During the course of this debate the success of the Marshall plan has been referred to in support of the pending bill.

It is sought to draw a parallel between the Marshall plan situation and the one which now faces us. It has been stated that in 1948 when the the Marshall plan was enacted, there was made available a massive amount of money—\$12 billion—for a certain period of time—4 years—directed at a particular target—chiefly Western Europe. It was for these reasons, it is argued, the Marshall plan was a success. Hence, to oppose the pending bill is to reject a successful concept, which we should seek to emulate and not reject.

#### THE MARSHALL PLAN IS NO PRECEDENT

But those arguments are fallacious for a number of reasons.

First, Congress, in 1948, retained the powers of annual appropriation, even though the authorization was for a 4-year plan. This is precisely what the Byrd amendment would accomplish. Its opponents desire to do away with the annual appropriation procedures of Congress.

But there is another and more cogent reason why the Marshall plan cannot be cited as precedent for 1961.

This lies in the fact that the economic development to which the \$8.8 billion will be devoted is for areas and under conditions totally different than Western Europe where the Marshall plan had its success.

#### BRANDNEW NATIONS

What a vast difference in the case of less developed and more backward nations which have only now or very recently gained their independence and identities as members of the family of nations.

Foreign aid has been extended to some nations of this type. It is proposed now to go into this activity with even greater intensity and much larger sums. In fact, the bulk of development "loans" will go to such countries.

#### COLONIALISM IS DEAD: LONG LIVE COLONIALISM

In still other countries, colonialism has been, ostensibly done away with, at least to the extent of removing the direct presence and influence of a "foreign" or outside power. From this there follows the natural thought that since the people of such a nation are no longer exploited and oppressed by foreigners, they are self-governed and have equality before the law; that they have liberty, and that they enjoy economic, personal, and political freedom, the universal aspiration of all mankind.

But sadly and realistically, we note that in many such countries where the yoke of the foreigner has been thrown off, new and even more cruel yokes have been fastened upon the necks of the population.

They are more cruel because they are placed and maintained there by fellow countrymen, who appropriated for themselves the feudal system which the foreigners had developed through centuries of oppression and exploitation.

Liberties in such countries are still suppressed; slavlike drudgery at subsistence levels is still exacted from the greater part of the nation's people; and there is little or no education, housing, sanitation, or opportunity even to learn about them, let alone to acquire and enjoy them.

Land ownership is still confined to a small percentage of the population. Really free elections do not exist. The rich refuse to be taxed. They maintain their feudal, baronial, overlord position with arrogance and persistence.

The picture is a dismal one, indeed, and furnishes opportunity for the inciting of unrest and revolt.

#### ADMINISTRATION OF FOREIGN AID

Obviously it is one thing to lend or even grant money to a government or



its citizens to rebuild bomb-destroyed factories, wharves, rail lines, highways, bridges, and dams. A banker-accountant type of administrator is reasonably sufficient in such a situation. It is relatively easy, as the work progresses, to check out the results attained with the funds advanced.

But it is a totally different thing to advance money to a government which will for the first time embark upon the planning, location, designing, and construction of such projects.

The work of the banker-type administrator is only the start of the many trials and tribulations. The administrator must start with government negotiations through treaties or working agreements. During this time he must sell not only the feasibility and the benefits of the project, but on occasion he must also overcome the prejudices and the objections interposed by either obstructionists, traditionalists, or even bribe-takers.

But such a treaty or working agreement only starts the foreign aid administrator's problems, because then follow the difficulties of educating and training public opinion, the worker, the builder, and finally the user of the project in question.

Throughout this process, human frailties and weaknesses must be contended with. Incompetence, indolence, lack of purpose, and even outright dishonesty, corruption, and greed have shown up far too often in far too many places in the effort to carry out such a program.

The records are replete with expensive, disastrous, and extravagant breakdowns of project after project in the field of economic development.

Mr. President, when reference is made to the breakdown of economic development plans, because of waste, extravagance, blunders, corruption, and the like, one's mind can visualize the billions of dollars which are thus dissipated.

Tragic and distressing as such financial loss may be, however, there is a more grave, irreparable damage involved—one which can hardly be recovered.

This damage consists of the harm done to the declared goals of the program—the lost opportunity to make the progress all of us would like to see and to which we are entitled. Thus we fail not only to do good, but affirmatively and viciously alienate those nations and peoples with whom we seek to work.

Such a result and trend make the loss of dollars pale into insignificance—however grievous and disheartening such loss may be.

A recital of details of specific transgressions and stupidities would be dreary indeed. It would be repetitious, too, because of the frequent treatment that subject gets, not only on the floor of Congress and its committees but in newspapers, magazines and books. For this reason, I shall not indulge in illustrations or accounts of specific situations.

I shall, however, cite the testimony and conclusion of one who has traveled widely and devoted much observation to this subject.

Mr. Justice William O. Douglas, of the U.S. Supreme Court, spoke at the commencement exercises of Mount Holyoke

College in South Hadley, Mass., on June 4 of this year:

The billions we sent abroad to Asia, the Middle East, and Africa did not build schools or hospitals but only military bases, army barracks, and a few factories. The underdeveloped nations that received our aid are mostly worse off for it. It launched them on military projects that gave them such an amount of armament that they crushed all dissident elements. The results was the liquidation of democratic influences and the entrenchment of feudal overlords. Even point 4 helped largely the landlords, not the sharecroppers. The latter are as miserable today as they were when we started our lavish aid programs; only the upper strata has prospered. They became rich on American aid, while the people at the bottom starved. There have been exceptions; but they are unusual. The main impact of American foreign aid was to widen the gulf between rich and poor helping to create the vacuum into which the Communists easily move.

#### BUT REFORM IS ON THE WAY

The advocates of the bill say that all of this will be changed. A reform administration in foreign aid has come to the rescue.

According to the present gospel, the United States does not propose to give aid to countries except when they set for themselves sensible targets, based on balanced programs for their own economic, educational, and social growth.

In the words of President Kennedy, in his speech of March 22:

Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productively.

A little later he stated:

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest.

The same theme was renewed on August 9 in Punta del Este, Uruguay, by Secretary Dillon who said that the Alliance for Progress would require the following:

Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands so full use and to permit small farmers to own their plots.

Then comes the final sentence, which I should like to emphasize:

First. Lower interest rates on loans to small farmers and small business.

In view of the history of similar previous declarations and resolutions, one can be very skeptical about the success which will attend such handsome, glowing, and noble sentiments. One can be fully in accord with them. They are overdue, by many years, in many of the Latin American countries. It is certainly the earnest hope of the Senator from Nebraska that the changes and reforms will be attained, and soon. But he has his serious doubts.

These doubts are based first of all upon the deeply entrenched feudalistic system which prevails and the great difficulty attending any effort to change it.

An entire social order is at stake—a way of life, one deeply ingrained into the people as a result of generations and generations of living.

It is doubted that all of this will be changed merely by the United States coming along and telling the people of Latin America, "We do not like your ways of doing business. We do not like your housing or your schools. We do not like your ways. We do not think your tax systems are fair, they should be changed and each of you should pay your share of taxes. We will give you financial help if you change all this in a way of which we approve."

To suggest that results will flow from such an approach is to ask a great deal of anyone who has some regard for history and human nature.

Mr. President, there is another reason: There is serious doubt that our own administrators of foreign aid will tie into the problem with such determination and persistence as will be needed to accomplish the statements made by President Kennedy and Secretary Dillon. The administration earlier this session had a splendid opportunity to demonstrate that it is sincere and in earnest. It had to do with the interest rate on moneys which would be loaned or reloaned under the Inter-American Development Bank operations in Latin America. Congress appropriated \$500 million for this bank.

During the debate in the Senate, the senior Senator from Delaware [Mr. WILLIAMS], proposed an amendment, which the Senate adopted, providing that none of the moneys of that Bank would be loaned or reloaned at an interest rate higher than 8 percent.

He was caused to do this by the unpleasant knowledge that in Latin America the interest rates to the ultimate user of borrowed money runs as high as 15 to 20 percent, and there was no denial of this fact when the Senator from Delaware asserted it in this Chamber.

Mr. President, low interest rates are important. They are important even in this country and all of us recall the political capital made in last year's presidential campaign about the necessity of low rates so that America could forge ahead. This, in a country which has the blessings of much venture capital.

How much more important it would be in an area where there is very little investment money and where the need is great if any of the reforms will have a chance of seeing the light of day. I recall the words of Secretary Dillon the day before yesterday, when he said that the Alliance for Progress would require "lower interest rates on loans to small farmers and small business."

So the need is recognized.

Reverting to the debate on the Inter-American Development Bank appropriation, it was brought out that in many instances the funds of the Bank would be loaned at low rates to the lending agency, perhaps as little as 3 to 4 percent interest, and then be reloaned within the Latin American countries for as much as 4 and 5 times as much, namely, 15 to 20 percent.



This would not be reform. This would license profiteering with American money in those economies which need expansion capital the most.

It would fasten upon them the same oppressive economic system under which they have been struggling for a long time. There would be every justification in the declarations by those oppressed and exploited people that America is responsible for the exploitation.

The Williams amendment was adopted by the Senate, but at the insistence of the administration it was stricken in conference negotiations.

Somehow or other the importance of low interest was lost sight of in the desire to fund the Inter-American Development Bank at American taxpayers' expense. All of this in spite of the highest declaration of the President that "The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest."

All this notwithstanding, we had the bold and ennobling words of Secretary Dillon, in which he stated in unqualified language that it would be required, in the interest of the Alliance for Progress, that there be "lower interest rates on loans to small farmers and small business."

#### LATIN AMERICAN REFORM PLANS

In recent days, a basis for further cynicism is found in reports reaching us from Punta del Este.

The plans discussed there are very specific as to amount. However, when land and tax reform are reached, the draft of the agreement becomes quite vague. A report to the New York Times, written by Edward C. Burke, under August 9, dateline, indicates that the U.S. plan for processing applications for approval of development plans was defeated. A substitute plan more to the liking of the Latin American countries themselves was adopted. It provided, among other things, that such plans might be submitted to designated experts but not necessarily submitted. This group, instead of being a special multinational committee, would be composed of experts appointed by the Inter-American Development Bank.

The seven-man committee proposed by the United States would have operated between the countries applying for aid and the lending agencies. But the larger Latin American countries saw in it an infringement on their sovereignty and a hindrance to their development plans.

So what did our diplomats do? They wanted to be agreeable. They wanted to get along with our southern neighbors. Although the change in the draft was a defeat for the United States, Mr. Burks wrote:

Top U.S. delegates were making it clear that their main interest was getting the alliance for progress program off the ground.

At another point in his story, Mr. Burks stated:

U.S. officials conceded that various reform measures were not specific in the charter draft and that "it is not going to be easy" to push them through reluctant national congresses.

Mr. President, I ask unanimous consent that the full text of Mr. Burks' dispatch be printed at this point in the RECORD, in connection with my remarks.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### LATIN PLAN LACKS REFORM DETAILS—BUT AID NEEDS ARE SPECIFIED IN URUGUAY PARLEY DRAFT

(By Edward C. Burks)

PUNTA DEL ESTE, URUGUAY, August 9.—The draft of an alliance for progress charter offered by Latin American nations today was specific on the foreign aid needed, but somewhat general as to social reform measures planned.

The draft, prepared by Argentina, Brazil, Chile, Mexico, and Peru states that at least \$20 billion in foreign aid is to be invested in Latin America during the next 10 years. The United States participated actively in preparation of the draft but has decided to remain in the background and allow what purports to be an all Latin document to be adopted by the Inter-American Economic and Social Conference of Finance Ministers here.

While calling for land and tax reform in participating Latin countries to insure that benefits of the 10-year program are enjoyed by persons at all social levels, the draft does not list specific goals in those areas.

U.S. sources gave this rough breakdown on how they expected the \$20 billion economic and social development program to be financed annually at the rate of \$2 billion a year: From U.S. Government lending agencies, about \$1,100 million; from the International Bank for Reconstruction and Development, the Inter-American Development Bank and other international lending agencies, about \$300 million; from U.S. private capital sources, about \$300 million, and from European public and private sources about \$300 million.

The five-nation charter draft eliminates entirely an earlier recommendation for a seven-man special multinational committee of experts, which was to evaluate development plans submitted by participating nations. The United States had favored the seven-man committee, but in the interest of maintaining harmony with the participating nations abandoned the idea without a real struggle.

The substitute plan agreed to by the United States calls for development plans and projects to be submitted to Inter-American Development Bank, which would appoint experts to evaluate them. Under the substitute plan, participating nations may submit plans to these experts but are not forced to do so.

Some sources were describing the change in the draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the alliance-for-progress program off the ground.

The seven-man committee would have operated between the countries applying for aid and the lending agencies. But the larger Latin-American countries saw in it an infringement on their sovereignty and a hindrance to their development plans.

Although Secretary of the Treasury Douglas Dillon had described such a supranational screening committee as helpful and influential, the official U.S. stand today was that the killing of the committee plan was perfectly acceptable.

#### AID IS AVAILABLE

Under the loosely worded substitute plan, a nation applying for aid could, at its own request, submit its plan to experts who would

be selected by the Inter-American Development Bank with the help of other inter-American agencies.

The ad hoc committee of specialists could then lend its services in studying the development plan. This is far short of the original conception of a body of seven wise men that would screen projects before passing them on to the Bank or to other lending agencies.

Even with the watered-down substitute, U.S. officials expressed hope that the Latin nations would find it more fruitful and speedy to use the services of the Bank's expert committees.

U.S. officials conceded that various reform measures were not specific in the charter draft and that "it is not going to be easy" to push them through reluctant national congresses. But pressure is mounting in all countries for the needed economic and social reforms, the U.S. sources added.

In his major address to the conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

The draft charter presented today says on the subject of land reform that "frequently" fundamental reforms of land tenancy will be required. One difficulty in Latin America today is lack of agreement on what constitutes agrarian and land reform in the various countries, where there are many tenants farmer.

#### STRICT MEASURES ASKED

On the subject of tax reform, the charter draft calls for applications of strict measures and provision for collecting adequate and equitable taxes on high incomes and on land.

On agrarian reform, the draft says that "where necessary" reforms in agricultural structures and systems of land tenancy will be carried out so that every farm family can live on a decent level.

U.S. sources say that the charter must of necessity be relatively general but that in cases of poor performance on reforms aid can simply be withheld on the grounds that the applicant did not comply with the charter.

Among the aims of the alliance outlined in the draft are the following: The spread of benefits to all sectors of the population; reduction of dependence on one or two primary export products; industrialization; low-cost housing; minimum of 4 years of education for all children by 1970; the ending of adult illiteracy; better access of Latin exports to U.S. and world markets; the end of price fluctuations of Latin export products.

The draft charter calls for participating nations to prepare comprehensive development programs in the next 18 months—in the meantime, they are to push short-range development plans.

Mr. HRUSKA. Mr. President, another dispatch from Uruguay was written by Bernard D. Nossiter, and was published today in the Washington Post. The article is appropriately entitled "Latin May Give Only Lip Service To Reform." I shall read only one or two excerpts from the article, as follows:

The best conceived body won't be effective unless there is a will by the Latins to reform in order to preserve. It also won't be effective unless there is a will by the United States to supply the needed foreign aid and to demand that reform go hand in hand with dollars.



And a little later in the article he writes:

But even if key leaders here mean to do the right thing, the question still remains whether governments and oligarchies back home will let them do it.

Mr. President, I ask unanimous consent that the entire article be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**LATINS MAY GIVE ONLY LIPSERVICE TO REFORM**

(By Bernard D. Nossiter)

PUNTA DEL ESTE, URUGUAY, August 10.—Sometime next week last words will have been spoken at the Inter-American Economic Conference here. Delegates will leave with a spirited accord in their pockets and roulette wheels will return to the Conference hall.

These predictable events are a microcosm of hopes and fears in the minds of thoughtful officials here. The hope is that the accord will be translated into the sweeping social reforms needed in Latin America to better the lot of the impoverished tens of millions. The fear is that too many nations will pay lipservice to reform and hold out their hands for the generous \$20 billion aid money which the United States has pledged.

Indeed, the last open question of any consequence before the delegates here concerns a key mechanism for turning words into deeds. This mechanism involves a group of inter-American experts who will pass on each nation's plan for development and so ease or impede that Nation's ability to draw capital from the United States and its allies.

The big Latin nations, led by Argentina, want a veto over the selection of the experts and want them closely tied to the Inter-American Development Bank. The little nations, led by Venezuela, want to return to the original proposal before the Conference of a continuing body of seven independent experts.

The difference may not appear important and perhaps may not be important, but some well-posted figures here fear that the Argentine approach really changes nothing—that is, as in the past, each nation will deal directly with the United States rather than a permanent hemispheric group. The fear is that in such bilateral dealings the United States may again parcel out aid on a crude basis to shore up a sinking government without seeing to it that needed reforms are actually carried out.

U.S. officials have no fixed position on this question and would welcome a compromise. Secretary of the Treasury C. Douglas Dillon is known to believe that the planned evaluation body should be strong but that the strength or weakness of the new institution can't be determined until it has been put to work.

Perhaps the real point is that mechanisms are important but even the best political machine won't work well unless there is political will to carry out its stated objectives. The best conceived body won't be effective unless there is a will by the Latins to reform in order to preserve. It also won't be effective unless there is a will by the United States to supply the needed foreign aid and to demand that reform go hand in hand with dollars.

At Punta del Este, the necessary will is clearly evident among the leading men of key delegations. Dillon is a sophisticated realist who began reshaping the U.S. posture toward Latin America during the Eisenhower administration.

Roberto Aleman, Argentine Minister of Economy, is a quick-witted conservative determined to press tougher tax collection on

wealthy evaders—tougher collection that has doubled Argentina's revenue in the past 2 years without increasing rates.

Roberto Campos, leader in the Brazilian delegation and Ambassador-designate to Washington, is of the same high caliber and determination.

On the other hand, at least one finance minister here recently invented his nation's first income tax law, but this "reform" as a substantial businessman in that country explained, actually takes less in taxes from the wealthy than the previously existing excess profits law, assuming of course that the wealthy taxpayer didn't duck most of the past, and will duck most of the future, tax.

But even if key leaders here mean to do the right thing, the question still remains whether governments and oligarchies back home will let them do it.

With few exceptions the agreement being shaped here expresses and in remarkably concrete terms, most of the remedies that experts have long prescribed to bring stable growing economies to the Latin nations.

From the standpoint of words the Conference is a success, but whether actions to follow are coming too slowly, too late or not at all, can't be determined here.

**LONG-TERM FUNDING IS NO PANACEA**

Mr. HRUSKA. Mr. President, another sector of the reformists' program is the back-door financing, for which is claimed the virtue and merit of correcting many of the defects and shortcomings of the foreign aid economic development program. In brief back-door financing authorizes the President to issue notes and direct their purchase by the Treasury of the United States. This transaction is considered a public-debt transaction by legislative definition.

There is grave doubt as to the constitutionality and legality of such a method of financing. It is not my purpose to discuss these features, however, at this time. For those who are interested in a very splendid analysis of the arguments on this subject, I call attention to the very learned and competent speech by the junior Senator from Virginia [Mr. ROBERTSON] which appears in the March 14 CONGRESSIONAL RECORD of this year, commencing at page 3632.

The point to which I would address my remarks has to do with the dangerous precedent and the disastrous policy which would be advanced even further by back-door financing concepts if the Byrd amendment is not adopted.

The further inroads upon control of the public purse through congressional appropriations would never be repaired.

The appropriation process, used in its regular and constitutional fashion, is the only affirmative control and means of review which Congress possesses. Every effort should be made to preserve it.

Unfortunately the trend has been heavily the other way. The \$8.8 billion of this bill is bad enough. But already the foundation is being laid for an early submission to Congress of similar back-door provisions to finance the \$20 billion Latin American aid proposal.

From Uruguay there came a telegram to various Members of this body. It was reported and read during the debate on this floor only a few days ago. Mr. President, I ask unanimous consent that the text of the telegram be printed at this point in the CONGRESSIONAL RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Three days here have heavily underlined overriding importance of our having authority make long-term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of alliance for progress which have now become basic to our relations throughout the hemisphere. Hope these considerations will be borne in mind during Senate consideration foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

DOUGLAS DILLON.

Mr. HRUSKA. Mr. President, the punchline in that telegram is found after the reference to the "importance of our having authority to make long-term commitments." The punchline reads as follows:

Lack of this authority—

That is to say, authority to make long-term commitments—

will seriously prejudice our ability to carry out concepts of alliance for progress which have now become basic to our relations throughout the hemisphere.

Thus the opening gun has been fired, the signal has been given, that a campaign has already started for further back-door financing in the form of foreign aid; and this time not for merely \$8.8 billion. This one is for \$20 billion; and I predict that requests in that amount will shortly be before this body.

The junior Senator from Virginia in his March 14 speech stated at one point:

I would not be at all surprised if an attempt is made in the near future to finance the entire foreign aid program by direct borrowing from the Treasury thus avoiding the risk of having these funds cut by the Appropriations Committee.

How prophetic he was, or will shortly be proved to be.

Mr. President, this proposal is made in the name of expediency. The administration feels that it would be easier and more convenient to get large sums over a long time without the embarrassment and hindrance of submitting the plans to the elected Representatives of American citizens and taxpayers. But the road of expediency leads in the long run only to disaster.

Somehow or other, Mr. President, this entire proposal has a very familiar ring. In essence, it is a request for the suspension of legislative order of business, in favor of granting and placing into the hands of one man the powers and the responsibilities which heretofore have been quite diffused, and properly so. This one man would not exercise the powers himself. He would delegate them. But there would be a bypassing and a nullifying of the system of Government procedures whereby wholesome, stable, composite judgments and decisions are normally arrived at.

The same approach and the same demands, demands for greater efficiency and dispatch, were urged in connection with the so-called omnibus farm bill and the reorganization plans for the various governmental regulatory and other agen-



cies. Always there is the request that we forget about the system of checks and balances, that we discard the tried and true ways of making progress, and that we place the powers and responsibilities into the hands of one man.

Mr. AIKEN. Mr. President, does the Senator from Nebraska have time to yield for a question?

Mr. HRUSKA. I am glad to yield.

Mr. AIKEN. Do we not also see indications of that drive and attempt in the report of a committee of supposedly responsible citizens of the United States who advocate that we give the President the right to raise or to lower income taxes 5 percent?

Mr. HRUSKA. Yes. Furthermore, it is to be noted that that request relates to two matters which the Constitution states are solely within the power of the Congress, namely, the right to levy taxes and the right to make expenditures of tax funds. So we find that that proposal is to alter two of the most essential parts of the Constitution of the United States.

Mr. AIKEN. Yes two of the basics of our democracy—the power to tax and the power to spend—are now under attack.

Mr. HRUSKA. I thank the Senator from Vermont for his contribution.

I recall with much appreciation the splendid speech he made in opposition to back-door financing, for the purpose of foreign aid or for any other purpose. Certainly, in a situation in which the Secretary of Agriculture claimed he was not getting any additional powers, it was important to note that he was actually getting a great many additional powers. In the farm bill, notwithstanding the representations to the effect that the Secretary of Agriculture would have less power, not more, actual tabulation showed a list of 23 new grants of power not heretofore possessed by him.

Mr. AIKEN. And he received those powers under only title I of that bill.

Mr. HRUSKA. That is correct.

And in the pending foreign aid bill there are 51 grants of discretionary power and 18 authorizations to disregard other laws applicable to foreign-aid activities—this time for an indefinite period, not for only a year.

Theoretically the recapture of such powers, once granted, could be done by suitable action of Congress. But that road is a difficult one indeed, once the powers are put into use. Seldom is such a recapture possible. To effect it would require passage of a law by Congress. If it were vetoed—and it more than likely would be—there would be required in each House a two-thirds majority.

Thus each House of Congress is put in the position of being required to assemble a two-thirds vote in order to change something which is being done or a situation which exists.

This trend has gone much too far. It should be stopped. The Byrd amendment should be approved.

In short, Mr. President, instead of permitting the proposed operations "through the back door," by supporting the Byrd amendment, it is proposed that we put a screen on the back door.

If this is done, the long-range program will be authorized, but there will be an annual appropriation, as required by our conventional appropriations process, in order to fund that authorization.

It would seem, Mr. President, that the more vigorous the protest against congressional action, the more evident is the lack of faith in the merit and desirability of the proposed program. The greater the reluctance of the foreign-aid director to submit his plans and progress to Congress, the more insistent we should be that this be done.

Mr. President, there have been grandiose errors and blunders in foreign aid, so far. Many have been stopped and a few corrected by constant and vigorous scrutiny and surveillance by Congress, its committees, and its members.

We know that many more erroneous, mistaken, improper, and wasteful episodes escape our detection, due to the farflung, complex, and vast operation which for years has defied effective control and supervision by either Congress or the Executive.

Yet the existence of the interest and action of Congress has had a salutary effect. We should not only retain it; we should sharpen and strengthen it.

The Byrd amendment is one way to achieve this.

Mr. President, if further time remains available to me, I now yield it back.

Mr. MUSKIE. Mr. President, I yield 15 minutes to the distinguished Senator from Ohio [Mr. YOUNG].

The PRESIDING OFFICER. The Senator from Ohio is recognized for 15 minutes.

Mr. YOUNG of Ohio. Mr. President, our foreign-aid program, both military and economic, is a necessary and vital expense we must bear in our role as leader of the free world. We cannot shirk from this role or the responsibilities it thrusts upon us. We can, however, minimize the burden through intelligent programs efficiently managed.

This year Congress and the American people are taking a new look at our foreign assistance programs. Under the leadership of President Kennedy, a revitalized program has been submitted tailored to eliminate past abuses and to meet the needs of the 1960's.

Many Americans, including thousands of my constituents, are wondering why we must continue to spend taxpayers' money to assist the economies of other countries. As with most projects which humans undertake, there are mixed motives behind our economic assistance to underdeveloped nations. A leading motive is the moral one. It is the simple concept that over two-thirds of the people of the world are desperately poor and go to sleep hungry every night, while the leading nations of the free world have achieved the highest standard of living in human history.

Another obvious motive is the political fact that the West, by example, has shown backward nations the world over that the average man can have comfort, education, and opportunity without imposing a system of economic slavery on an entire nation. The masses of the

poor in this world are beginning to awaken to the possibilities of life, are surging forward with new ideas and aspirations. These forces must be channeled in democratic directions. We cannot afford to allow the Communists to capture them by default. The underdeveloped nations have seen the rapid rise of the Soviet Union and tend to forget the human misery—almost slavery in present-day Red China—that accompanies these gains.

Finally, it is fact that a high average prosperity in all nations helps increase prosperity in each of them. With Marshall plan funds we helped rebuild the economy of Europe after World War II and prevented a Communist takeover. As a result, today we are trading with Western Europe at an unprecedented rate. It makes economic sense to help establish healthy economies in presently underdeveloped areas. In the long run the new horizons of trade and commerce will more than repay the cost of these programs.

Mr. President, it is a monument to former President Harry S. Truman that, under the Truman doctrine and the Marshall plan, money paid out by American taxpayers for Turkey and Greece saved those important nations from falling behind the Iron Curtain. They are now bulwarks of strength for the free world against the threat of Communist aggression.

The average American spends \$27 a year on foreign aid. That is the amount of money taken from him by our foreign assistance program. The same hypothetical American spends \$58 a year on alcoholic beverages. That is hard to believe, but the statistics show it.

In the pending bill the Committee on Foreign Relations has recommended \$4,326 million for foreign assistance. This represents less than 1 percent of our gross national product and less than 5 percent of the entire budget for fiscal year 1962.

Perhaps Walter Lippmann, one of the most perceptive journalists of the day, summarized the need for foreign assistance when he said:

The United States can no more refuse to contribute to foreign aid in the world than the richest man in town can refuse to contribute to the community chest.

Mr. President, the world has changed since U.S. funds rebuilt Europe in the postwar era. Now there are new nations with new needs, stiffer economic competition by the Soviet Union, and the necessity for balancing the flow of American dollars abroad. It is time for a reevaluation of foreign aid, both as to means and as to goals.

For the past 13 years our economic assistance programs have been largely uncoordinated and operated on a year-to-year basis. This has made consistent planning difficult or impossible. President Kennedy has recommended a new concept of development assistance in the legislation before us.

It will provide long-term financing for a long-range approach to long-range problems. There will be improved, more efficient, and simplified management. Recipient countries will be encouraged



to mobilize their resources and make necessary internal reforms before receiving this assistance. This will be a partnership effort, not solely an American one, as other industrial nations—West Germany, England, France, and Japan—will be urged to participate and shoulder their share of the burden.

Far too often our continuing foreign aid programs have been a disappointment. In far too many instances—Laos being a prime example—they have been poorly administered and have resulted in outright waste. As a result, rather than win us friends, they have created enemies.

For too long a time foreign aid has been covered up by the fancy phraseology "mutual security" and rushed through Congress as a military necessity. Overpaid officials and employees of the International Cooperation Administration have lived in opulence in foreign countries, without effective supervision of their work.

Unfortunately for American taxpayers, the ICA is the haven of many ineffective officials who never had it so good. The entire ICA should be overhauled and probably one-third of its personnel should be eliminated forthwith, as this is a proven extravagant, boondoggling, mis-handled outfit.

Economic assistance will be separated from military assistance and no longer hidden under the ill-defined "mutual security" label.

Administration and operation will be placed under a single agency, in place of several competing and confusing units.

Only the most competent and dedicated career aid officials will be retained and new recruitment will attract highly qualified talent now in private industry.

Emphasis will be given to loans at low interest rates repayable in dollars, instead of outright grants of taxpayers' money. The development loan program will not be a giveaway. It will protect the interests of American taxpayers as well as the dignity of officials and citizens of nation's receiving these loans.

Carefully planned programs for each country receiving aid will take the place of a series of individual, unrelated projects. The large constructive economic projects which really develop a backward country have to be planned, administered, carried out, and financed over a period of years. It takes more than one year to construct roads, develop ports, open mines, build factories, and to modernize agriculture.

Too often these projects, now financed by annual appropriations, are likely to be unimportant and actually wasteful. We must encourage these nations to draw up long term plans for projects that will help to create new wealth rather than to continue with haphazard planning based on the theory of "get it while the getting is good."

Mr. President, the authority for long-range financing is the very heart of this new concept of foreign aid. If this is not included, the success of the entire program will be in jeopardy.

Such relatively long term economic aid planning makes sense in aiming at

more efficient use of taxpayers' dollars, and it strengthens our diplomacy in the cold war. Up to now, our aid administrators have been handicapped in trying to induce long-range coordinated planning because they could not predict what amounts Congress would approve from year to year.

By approving long-range financing the Congress will not be losing its control of foreign aid funds. Under the new 5-year program the Congress will still retain the power to review, to investigate, to criticize, to reduce, or to abolish this program. The whole operation will be periodically reviewed. While there is every reason to believe that this program will be efficiently managed in the future, should there be any evidence of mismanagement of taxpayers' money or any skulduggery whatsoever, the Congress can at any time repeal the entire program at the end of any fiscal year.

The development loan program will convince many of the now uncommitted and newly developed nations that American assistance is not a year-to-year thing depending on diplomatic developments in the cold war. It will encourage them to undertake necessary and constructive internal reforms such as equitable land reform and establishment of just systems of taxation.

This improved and more stable political climate will benefit those businessmen who have so far hesitated to commit themselves to private capital investment in those areas where it so urgently needed.

We cannot correct or recover the waste, the inefficiency and the ineptness in the management of this program in the past. However, by approving this bill we can assure American taxpayers that these same mistakes will not be permitted to continue. With wise planning and selfless administrators we can establish a positive program which will fulfill our long-range goals as leader of the free world.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. YOUNG of Ohio. I yield to my distinguished colleague from Alaska.

Mr. GRUENING. I noticed with interest that in the early portion of my colleague's eloquent address, in describing the new program, he referred to it as being tailored to eliminate past abuses. I should like to ask the Senator, apart from the declaration of purpose to eliminate past abuses, where is there any evidence that the new program will be substantially different from the old?

Mr. YOUNG of Ohio. I believe the entire long-range concept of this program, from the choice of the title of "Assistance" rather than "Mutual Security," shows a new outlook. It is difficult to be optimistic in this grim, cold war period, but I feel the foreign assistance program as brought forth by the Foreign Relations Committee will be an improvement. We are all hopeful that we shall profit by the mistakes and the experience of the past and that we can eliminate the waste which has heretofore too often been the case.

The PRESIDING OFFICER. The 15 minutes yielded to the Senator from Ohio have expired.

Mr. YOUNG of Ohio. My time has expired, or I should be happy to yield further to my friend.

Mr. BYRD of Virginia. Mr. President, I yield 20 minutes to the Senator from California [Mr. KUCHEL].

The PRESIDING OFFICER. The Senator from California [Mr. KUCHEL] is recognized for 20 minutes.

Mr. KUCHEL. Mr. President, once again, a storm is gathering over the world. Dark and ominous clouds begin to appear. The people of the United States and our Government are now increasing their exertions to preserve our Republic and to seek to assure freedom for mankind. A few days ago Congress enacted a \$47 billion defense budget, by far the largest appropriation bill enacted by Congress at any one time.

But the struggle against communism is not to be waged solely by increasing the military strength of our country and of the free world. Communism plies its trade not alone by threats of nuclear annihilation; but also by subversion and intrigue, by propaganda and by money.

What do we do to meet the problems of the weak and of the small and of the new States whose legitimate needs are not being met and who are ready prey to Communist enslavement? Our answer over the years has been a bipartisan policy of mutual security. We seek to help weaker nations, militarily and economically, so that they may remain free. America's foreign policy must always be based on the single question of what is in the best interests of our country and of her security. Where weak or small or new nations want to remain free, want to be our friends, why should we not attempt to assist them, rather than push them into Communist arms?

I have listened to the Prime Minister of Greece. I listened to him as he solemnly declared his people and his country would have gone down the Communist drain had it not been for American assistance under mutual security. Greece would not be an independent nation today were it not for the help which the Government and the people of the United States gave to her.

I have spoken with the leaders of the gallant Turkish people. The Turks could not maintain their capacity to defend their own land were it not for mutual security.

And what of the great people in Western Germany, or indeed in France or in England?

Premier Fanfani of Italy was here a few weeks ago. He, too, indicated his people's eternal thanks, for what this country, under mutual security, has done in the past for the cause of the peoples who wish to be free. Italy is our ally in the cause of liberty. And Fanfani looms as one of the world's great advocates of that cause.

Indeed, from the very beginning in post-World War II days, this country took a prostrate Europe—bleeding—and resuscitated it and strengthened it so that today, standing shoulder to shoulder in this seemingly never-ending strug-



gle against communism, the free peoples of Western Europe are invigorated and strong, because of the policy of and the wisdom of the policy of the Government of the United States.

Across the seas in the far Pacific stands Japan, feared by communism, and given the strength which she displays today because of a policy of our Government which we are now asked to continue, and which we should continue.

With my vote I shall continue that policy. But I wish to say I bitterly regret that the Senate Foreign Relations Committee has sent to the Senate a bill providing for the abandonment by the Congress for a 5-year period of any responsible right or duty to sit in judgment about how much each year the Development Loan Fund should receive in the way of moneys to expend.

This is not the first time that problem has been before the Senate. In 1959 the Senate Committee on Foreign Relations sent to the Senate precisely the same recommendations. I wish to make it clear that I believe in a reasonably long-term authority for our country to engage in repayable development loans. From the first I have supported the Development Loan Fund, as President Eisenhower first recommended it.

I continue to support that theory. But the original bill in 1959 provided, and the one before the Senate now provides, that Congress shall abandon its right, indeed, its Constitutional duty, to appropriate. The President of the United States would be given authority by the bill before us to "borrow money from the Treasury to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purpose of the title," to quote the precise language, by the procedure which is once again, regrettably, written into the bill.

It is wrong for Congress to abandon its prerogative in this field. For us to do so would be a grave disservice to our country. Everything that the Government of our country has asked for with respect to the right to make long-term—5 year—commitments can be given by this Congress simply by authorizing a Development Loan program for 5 years. But in the process Congress ought not to relinquish its constitutional responsibility to pass judgment on annual requests of the executive branch of the Government for appropriations.

It is said by those who sponsor the proposed legislation that each year under the Government Corporation Control Act, it will still be necessary to have the Congress sit in judgment on annual appropriations. In some perplexity, the ordinary Senator asks, "If there is no difference, then why advocate change?"

Both the Secretary of State and the Secretary of the Treasury join in saying—and I quote from the CONGRESSIONAL RECORD of August 9, 1961, page 14173:

Such an authorization would not provide Congress authority for advance commitments. The future availability of U.S. funds would still be subject to annual appropriations in amounts which could be known for only 1 year at a time.

If that is true, why have the dispute? If the joint statement I have just read

constitutes the law and the fact, why not continue authorizing 5-year development loans and continue annual appropriations by the Congress, under the Constitution, as has been done every year? But I do not believe that that is the law nor the fact. I do not believe that in one breath the proponents of the bill before the Senate can state that "the President is authorized to issue during the fiscal years 1962 through 1966 notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title," and then, in the next breath contend that, really, nothing is changed because Congress will continue to appropriate annually anyway. That is simply a non sequitur. And, I repeat, under such a contention, why fight for a change from the historic, constitutional pattern?

I notice that the Department of State has sent perhaps to all Senators a statement entitled "Analysis of Controls of Development Lending Program by Appropriations Committees." On page 3 of that memorandum are five points of procedure which, it is contended, will apply to the proposed legislation if it passes in the form in which it is before the Senate. I ask unanimous consent that the text of those five points be printed at this point in the RECORD.

There being no objection, the points were ordered to be printed in the RECORD, as follows:

As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:

1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.

2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.

3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.

4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the aid act or in the appropriation act, whichever is the more limiting.

5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

Mr. KUCHEL. I refuse to follow the argument that we should vote for a change since it really will be no change

at all. That is simply running in circles.

Mr. President, it is rather interesting to me that in 1960, when hearings were being conducted on the Mutual Security Act in the Committee on Foreign Relations, the distinguished junior Senator from Idaho [Mr. CHURCH], while examining Secretary Dillon, who was then serving in the Eisenhower administration, said, at page 64 of the hearings:

Senator CHURCH. Mr. Secretary, you recall last year the committee bravely undertook to write into the mutual security bill a 5-year authorization for funds for the Development Loan Fund, and we took that revised bill upstairs and went into battle expecting reinforcements from downtown which never arrived and so the effort failed.

This year the administration makes no recommendation to place the Development Loan Fund on any other than an annual basis, so I take it that decision that was made last year continues in effect so far as the administration's position is concerned.

Mr. DILLON. I think a fair statement of the President's position would be as he has always said that he favors a long-term basis for the operation of the Development Loan Fund. However, he did not favor the particular method that was chosen last year, but favored a different approach whereby we asked for appropriations which would extend over a number of years.

That was requested last year. You recall the Congress authorized funds for this year as well as last year. As soon as that law was passed, we requested funds for both years so as to give a 2-year basis but Congress did not see fit to give us any funds for the second year.

They denied all appropriations for the development loan fund for the second year. We do have that continuing authorization. We felt that as long as we had that authorization, and in the light of the congressional action last year, that we should just submit a request for funds under the existing authorization.

That does not by any means foreclose a new request for long-term authority next year which may well come.

My friend, the able Senator from Idaho [Mr. CHURCH], was correct when he said that the Committee on Foreign Relations abandoned a long-term procedure. It wanted to do precisely that. I remember the debate on this floor on the committee's proposal. The Senate in the yea and nay vote rejected the provision for long-term loans, by sustaining a point of order by Senator CASE of South Dakota. The next day, the distinguished Vice President of the United States, then serving in his capacity as Democratic Senate leader, offered an amendment to provide for a continuation of annual appropriations. We approved it. That is the way the committee action was disposed of in this Chamber in 1959, and that is the way it should have been disposed of, and that is the way we should dispose of it today.

This year we are again faced with precisely the same situation. I am one of those who believe that we ought to authorize this kind of program for 5 years. But I am also one of those who believe that Congress should discharge its own responsibility under the Constitution and listen each year to what the executive branch of the Government desires and, having listened, make its own determination as the legislative branch of Government, on how much money ought



to be appropriated. It can be done without regard to fiscal year. That is why I salute the distinguished Chairman of the Senate Committee on Finance, the Senator from Virginia [Mr. BYRD], because that is precisely what he proposes to do by his amendment which is now before the Senate.

I ask unanimous consent that the text of the amendments be printed at this point in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

On page 6, strike out lines 4 to 24, inclusive, and insert the following:

"SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use in carrying out the provisions of this title such sums, not to exceed \$1,187,000,000 for use beginning in the fiscal year 1962 and not to exceed \$1,900,000,000 for use beginning in each of the fiscal years 1963 through 1966, as the Congress shall hereafter determine to be necessary, which amounts shall remain available until expended."

On page 8, line 13, beginning with "(1)" strike out down to the comma in line 16, and insert the following: "(1) all funds appropriated pursuant to the authorization contained in section 202(a)".

On page 8, strike out lines 19 to 23, inclusive.

On page 9, lines 6 and 7, strike out "and notes issued under section 202(a)".

Mr. KUCHEL. Mr. President, if Congress relinquishes its obligation to the American people to determine how much money ought to be appropriated each year, it will have relinquished the obligation not merely for one Congress, not merely for two Congresses, not merely for one presidential term, but for 5 years, into the third new Congress from the time we are asked originally to abdicate our responsibility.

In my judgment, that procedure does not make sense. We are elected as representatives of the people. We sit here in judgment on the spending policies of the executive branch of our Government. We would not serve the Republic, we would not serve constitutional government in the United States if we were to say, "Let us back away from our responsibilities. Let us relinquish our share of the burden. Let us give to the executive branch—any executive branch—our duty to determine its needs for the next 5 years how American money ought to be loaned overseas." Yet that is precisely what we are asked to do.

I repeat what I said at the beginning. I believe in mutual security. Every year that I have been honored to be in the U.S. Senate, I have supported the theory of mutual security. I have done so not as a Republican; I have done so as an American. I have supported the program under Eisenhower, and I shall also support it under Kennedy. But what I opposed during the years of President Eisenhower in 1959, I also oppose today under the administration of President Kennedy. To the great credit of General Eisenhower, in 1959 as President, he stated that he did not want responsibility which was not his, that he objected to back-door spending, that he wanted Congress honorably to discharge its duty to appropriate. On that basis,

I hope the Senate will fulfill its constitutional responsibility, will refuse to abdicate its constitutional duties, and will approve the amendment offered by the Senator from Virginia [Mr. BYRD]. Thus, we may go forward with an excellent program, but we will do so under the terms of our Constitution.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MUNDT. I congratulate the distinguished Senator from California on his most convincing and constructive presentation. I can subscribe to every word that he has said. His views certainly represent the viewpoint of the Senator from South Dakota. The Senate should be on notice now that if we approve this back-door spending procedure, this buckpassing procedure, whereby we try to absolve ourselves from further responsibility, and turn it all over to the executive branch, we are opening up a chain of procedure—we already hear rumors that in connection with the Latin American Development Fund, there is talk about a \$20 billion development program financed through the back-door procedure—which will be of almost no end, a type of spending over which Congress will have relinquished all control.

If we do that, we can well be accused of being Pontius Pilates, washing our hands of our responsibility. That is what we may well be accused of if we fail to approve the Byrd amendment, which continues a permanent program of planning, which is desirable, but which retains the constitutional authority of Congress to regulate the appropriation of taxpayers' money.

The Senator from California has rendered an outstanding service by pinpointing the issue as clearly as he has.

Mr. KUCHEL. I thank the Senator from South Dakota very much for his kind words. I agree completely that if we do not approve the Byrd amendment, we will be washing our hands of all responsibility in this regard.

Mr. BYRD of Virginia. I yield 10 minutes to the Senator from Iowa.

Mr. MILLER. Mr. President, I wish to preface my remarks in support of the pending amendment by making it perfectly clear that I am in favor of a reasonable appropriation for foreign aid upon the assurance that this money of our American taxpayers will be judiciously spent. I fully recognize that we have a moral obligation to help others who are in need. I fully recognize that it is to the interest of the United States in the cold war with the Communist world to take action which will assist the developing nations to develop as free and independent countries rather than as Communist bloc puppets.

All of us know of abuses which have occurred in our foreign aid programs. Some of these have been so flagrant as to overshadow the good that has come from these programs. The abuses have not been isolated and they have been inexcusable. Taxpayers back home are not satisfied by the excuse that "waste and inefficiency are bound to occur in any large program." They feel that public trust has been violated in the

name of humanitarianism. It is understandable how they may tend to overlook the reasons for and the benefits that have resulted from our foreign aid programs. In this connection, Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a statement entitled "Some Accomplishments of U.S. Foreign Aid Programs," which I have received from the International Cooperation Administration by letter under date of July 20.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### SOME ACCOMPLISHMENTS OF U.S. FOREIGN AID PROGRAMS

Achievements and accomplishments can only be stated meaningfully when there are yardsticks against which they can be measured. The avoidance of nuclear war and the maintenance of the independence of a threatened country is one type of accomplishment. The successful completion of a factory or a medical school is at another level of accomplishment. Improved administration of our overseas programs is yet another form of accomplishment. Assessments of the accomplishments and failures of our overseas assistance programs frequently tend to confuse these different types of accomplishments—and failures—without differentiating between the different weights which should be attributed to each type.

Easily the most important and most fundamental of U.S. objectives under these programs is the attainment of U.S. foreign policy objectives. Stated simply, the national interest which U.S. foreign policy seeks to advance is to assure that our people will be able, within our own boundaries, to maintain and develop our institutions, our values and our well-being free from coercion by external powers. Fulfillment of this interest presupposes three basic conditions: peace, or at least the absence of a major nuclear war; a friendly, or at least not hostile, attitude toward our country on the part of a sizeable portion of the rest of the world; and a better world in which to live, raise our families, and do business.

Foreign assistance is an integral and major part of the response of the United States to the challenges to this national interest which arise out of three great interrelated currents of change—Communist imperialism, the revolution of rising expectations in the less-developed nations, and the greatly increased interdependence of nations resulting from the forward rush of modern science and technology. In this contest the program, in association with other instruments, has had many successes, some failures, and some activities whose success is still in doubt—with many of the acts of this great drama of the mid-20th century yet to come.

Foreign aid has contributed to these national objectives in several ways:

1. It has helped free countries to maintain a military posture which contributes to deterring or preventing Communist expansion by force of arms. The externally inspired Communist rebellion in Greece, aggression against Korea in 1950, followed closely by Chinese Communist military aid to the Vietminh in Indochina, showed the Communists would use military means to expand their power whenever they thought they could do so successfully. Military and economic assistance has helped deter military aggression, or renewal of military aggression, along much of the periphery of the Sino-Soviet bloc. Korea, Taiwan, Vietnam, Laos, Iran, Turkey, and Greece are examples.

Assistance has also contributed greatly to the establishment of a critically important complex of overseas bases. Without it we



probably would not have today the bases in Morocco, Libya, and Spain.

While military strength can help to prevent Communist expansion by force of arms, it cannot insure that other methods will not be used by Communists to good advantage. In other words, it is a necessary, rather than a sufficient, condition to arresting the growth of Communist power. Nor do the successes add up to maintaining that U.S. programs of assistance to foreign military efforts have been without flaw—in either formulation or execution. We have probably agreed to some force goals that are too high, for example. Without these aid programs, however, the United States might now be worrying not about whether these local armies could in some cases be reduced, but about how to construct a viable garrison state out of Canada and Latin America.

2. It has helped free countries to meet an imminent internal threat to their independence. Foreign aid has, on occasion, scored as dramatic successes in meeting or averting an imminent threat as in deterring armed aggression. A most convincing demonstration along these lines occurred when aid was used on the largest scale to meet the imminent threat in Western Europe shortly after World War II.

Western Europe's economic future in the winter of 1947 seemed bleak. The war and the accompanying destruction and disruption had twisted the economies of Western Europe out of shape and balance. Agricultural and industrial production was well below prewar, bankruptcy was around the corner for many of these countries, and inflation characterized the internal financial situation of most European countries. These factors induced a climate of hopelessness and helplessness that laid the countries of Western Europe open to a degree of Communist influence and infiltration that we now tend to forget since the success of the Marshall plan.

Many observers were prepared to write off the Far East 10 years ago, after mainland China had fallen, when Korea was under attack and when guerrillas were menacing the Philippines, Malaya, and Burma. But in these 10 short years, there has been remarkable achievement for which timely foreign assistance can take some of the credit. Taiwan, war shattered and crowded with refugees in 1950, has burgeoned into a dynamic, diversified economy. Korea has far exceeded prewar production and living standards, despite the large influx of refugees from the Communist north. The Philippines suppressed the Hukbalahaps who had terrorized much of the country and at the same time made notable economic progress, particularly in the industrial sector. Malaya won a decade-long guerrilla jungle war with the Communists, enjoys political prestige and stability and holds much economic promise.

Other more recent internal crises which probably would have brought Communist or other disruptive influences to power in the absence of U.S. assistance include Guatemala, Iran, Bolivia, and Jordan.

3. Economic assistance has helped free countries both to develop and to meet a long-term internal threat to their stability. The role of foreign aid in meeting imminent internal crises has been fairly clear. That role has been somewhat less dramatic where economic development and a long-term threat to stability are involved. But it may not need to be any less significant on that account. For if we only allowed ourselves to become preoccupied with internal dangers when they are clear and present, as in Laos and Jordan, we are likely to find they are by that time extremely expensive and dangerous to deal with—if indeed they have not passed the point of no return as was the case with mainland China. In trying to meet this challenge, the United States has found that foreign aid is one of the most useful tools available to us.

The point 4 program, the Development Loan Fund, and before it development assistance, and some of the defense support and special assistance help toward meeting this challenge. The Philippines, Thailand, India, and many other countries might be in quite different circumstances in the absence of such assistance. A major question that remains today is the adequacy of our response to the long-term threat, and challenge, when taken in the context of the next 10 to 20 years.

4. Economic assistance has helped a number of countries to avoid undue dependence on bloc aid which would tend to bring them into the international Communist orbit. Cambodia, Afghanistan, Burma, and Indonesia are examples where this threat has existed or continues to exist but is being met with some success by the United States. Egypt, Syria, and Iraq, which in the mid-1950's appeared to be falling into the Soviet orbit, have maintained some independence.

Accomplishments also can be—and frequently are—measured in terms of concrete projects in particular fields of activity such as agriculture, health, community development, and industry. For many, this is the most satisfying form of measurement—the reduction of the number of malaria cases in Taiwan from 1,200,000 in 1950 to under 100 a year, the almost unbelievable progress and success of the community development programs in India and the Philippines, the placing of millions of acres under cultivation through irrigation—these facts, and hundreds more accomplishments like them, cannot help but stir the hearts of most Americans. In many ways these are more satisfying indicia of accomplishment than the statement that the maps of the world have remained the same for another year as a result of what the United States has done abroad. A wide variety of such accomplishments is given in "Aid in Action" (Department of State Publication No. 7221, July 1961).

Accomplishments can be measured in yet another way—how effectively has the United States made use of the resources available to it for the oversea programs. It is possibly in this area that our foreign aid programs have received their greatest criticism in recent years. In part, this criticism has been unjustified and results from failure to recognize that where a major program is carried out in a seriously underdeveloped country, the problems of administration are infinitely more difficult than those faced in Europe. Circumstances may require—or, if you will, foreign policy reasons may require—that we administer an assistance program in a country whose economy is disrupted—or whose political system is weak—or whose finances are chaotic—or whose public ethical standards differ from those we are accustomed to. There have been difficult problems in inducing American personnel to take up service in some of these countries, for reasons which are fairly apparent in view of recent and present circumstances. In Korea, for some time, American technicians were not allowed to bring their wives and families because of inadequate housing and living conditions; in Vietnam assassinations and terrorist activities are prominent even in Saigon today and U.S.-aided malaria teams are a special target for Viet Cong attack; Afghanistan and Laos are extremely isolated countries with very difficult living conditions. The major programs in such countries cannot be accomplished overnight and are fraught with many problems and many dangers. The numbers of Americans whose health has been permanently impaired as a result of their service in the work of assisting foreign countries to realize their potential is large, and it grows almost daily.

However, with the benefit of hindsight, it is now apparent that the United States could have coped with some of these ad-

ministrative problems more effectively than it did. Recent accomplishments in the field of administration include step-up in language training, personnel recruitment and inservice training and internal audits. Centralization of aid administration and focusing of responsibility is planned as is further efforts on personnel and administrative improvements.

#### CONCLUSION

Without any question, the accomplishments of the program and its predecessors have been numerous and substantial—and without them the map of the world would be very, very different today. However, the problems toward which the program is now directed in the underdeveloped countries are not soluble in a stated limited period of years for a given amount of money. A difficulty which is already present but which will become increasingly severe in the future will be that of distinguishing between those criticisms of the program which are constructive and those which arise primarily as a result of a desire—particularly understandable given our American impatience—to find an easy, cheap, and short-term solution—when there is none—to the problems arising out of the cold war and the "revolution of rising expectations" in the lesser developed nations of the world.

Mr. MILLER. Mr. President, our foreign aid programs have cost the American taxpayers an almost unbelievable sum of money. Compared to the cost of human misery which some of the projects have undoubtedly relieved and to the cost of a hot war—either limited or general—which might have developed absent our efforts in the foreign aid field the cost is not prohibitive. Nevertheless, anyone who would suggest that the U.S. taxpayers have not been cooperative simply is being ungrateful and manifesting abysmal ignorance of the facts. I ask unanimous consent that a table showing the net foreign aid expenditures totaling \$84 billion from July 1, 1945 to June 30, 1961 made by our Government be inserted in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Net foreign aid expenditures July 1, 1945, to June 30, 1961*

[In millions of dollars]

Actual July 1, 1945, to June 30, 1960:	
Military aid grants.....	26,468
Economic aid:	
Grants.....	34,024
Credits.....	12,066
Other.....	2,546
Payments to international financial institutions.....	4,875
Total.....	79,979
Estimated July 1, 1960, to June 30, 1961:	
Military aid grants.....	1,500
Economic aid grants, credits and other.....	2,600
Total.....	4,100
Total.....	84,079
Estimated unexpended balance as of June 30, 1961 <sup>1</sup> .....	
Requested for fiscal 1962.....	6,752
	4,805

<sup>1</sup> Includes \$5.4 billion mutual security, \$0.9 billion foreign currencies, \$0.5 billion inter-American development; excludes development funds of Export-Import Bank and international financial institutions.

Source: Office of Business Economics, U.S. Department of Commerce.



Mr. MILLER. Mr. President, in the light of these tremendous sums of money, it is understandable why the American taxpayer has become alarmed over reports showing that efforts of the Communist world, at only a fraction of this cost, have been so effective. It is further understandable why the American taxpayer has taken a very suspicious view of the request by this administration to spend even more money that that recommended by President Eisenhower. I ask unanimous consent that a table showing the differences between the Eisenhower and Kennedy budgets be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

The following table compares the Kennedy requests with the Eisenhower budget proposals:

(In millions of dollars)			
	Eisenhower budget	Kennedy requests	Difference
Military assistance.....	1,800	1,885	+85
Economic assistance.....	1,250	1,190	-60
Development loans.....	700	900	+200
Contingencies.....	250	500	+250
Reuse of loan repayments.....		287	+287
Carryover of unobligated funds.....		43	+43
Total.....	4,000	4,805	+805

Mr. MILLER. Mr. President, the suspicion of the American taxpayers has been further confirmed by the recent report of the rather presumptuous offer, reportedly made by Secretary of State Dillon, of a \$20 billion aid program, at American taxpayers' expense, in Latin America.

All of what I have said, Mr. President, provides a background from which I, as a representative of the people of my State, must now view this administration's request for not only increased expenditures of our people's moneys for foreign aid activities but for the financing of the almost \$9 billion of development loans in a manner which relaxes the control by Congress over this important and expensive activity of our Government. And in this connection, Mr. President, I do not want the taxpayers of my State to be fooled into thinking that this development loan program is not going to cost them anything because it will, we hope, all be paid back in hard currency or American dollars. It is going to cost them plenty. It is contemplated that interest rates as low as 1 percent will be charged, and some loans will be interest free, with terms up to 50 years for repayment. The distinguished Senator from Virginia [Mr. BYRD] has had prepared a calculation of interest cost to the American taxpayers—whose taxes will be used to make up the difference between the interest paid by recipient countries and what the Treasury has to pay the holders of Treasury notes—showing over \$29 billion on the basis of 3 percent differential compounded annually for 50 years. I ask unanimous consent that this calculation be printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

**A calculation of interest on Development Loan Fund**

[Fiscal years. In millions]						
	Interest on 1962 authorization of \$1,187	Interest on 1963 authorization of \$1,900	Interest on 1964 authorization of \$1,900	Interest on 1965 authorization of \$1,900	Interest on 1966 authorization of \$1,900	Total interest
1962.....	\$35.6					\$35.6
1963.....	36.7	\$57.0				93.7
1964.....	37.8	58.7	\$57.0			153.5
1965.....	38.9	60.5	58.7	\$57.0		215.1
1966.....	40.1	62.3	60.5	58.7	\$57.0	278.6
1967.....	41.3	64.2	62.3	60.5	58.7	286.9
1968.....	42.5	66.1	64.2	62.3	60.5	295.5
1969.....	43.8	68.1	66.1	64.2	62.3	304.4
1970.....	45.1	70.1	68.1	66.1	64.2	313.5
1971.....	46.5	72.2	70.1	68.1	66.1	322.9
1972.....	47.9	74.4	72.2	70.1	68.1	332.6
1973.....	49.3	76.6	74.4	72.2	70.1	342.6
1974.....	50.8	78.9	76.6	74.4	72.2	352.9
1975.....	52.3	81.3	78.9	76.6	74.4	363.4
1976.....	53.9	83.7	81.3	78.9	76.6	374.3
1977.....	55.5	86.2	83.7	81.3	78.9	385.6
1978.....	57.1	88.8	86.2	83.7	81.3	397.1
1979.....	58.9	91.5	88.8	86.2	83.7	409.1
1980.....	60.6	94.2	91.5	88.8	86.2	421.3
1981.....	62.4	97.0	94.2	91.5	88.8	434.0
1982.....	64.3	99.9	97.0	94.2	91.5	447.0
1983.....	66.2	102.9	99.9	97.0	94.2	460.4
1984.....	68.2	106.0	102.9	99.9	97.0	474.2
1985.....	70.3	109.2	106.0	102.9	99.9	488.4
1986.....	72.4	112.5	109.2	106.0	102.9	503.1
1987.....	74.6	115.9	112.5	109.2	106.0	518.2
1988.....	76.8	119.3	115.9	112.5	109.2	533.7
1989.....	79.1	122.9	119.3	115.9	112.5	549.7
1990.....	81.5	126.6	122.9	119.3	115.9	566.2
1991.....	83.9	130.4	126.6	122.9	119.3	583.2
1992.....	86.4	134.3	130.4	126.6	122.9	600.7
1993.....	89.0	138.4	134.3	130.4	126.6	618.7
1994.....	91.7	142.5	138.4	134.3	130.4	637.3
1995.....	94.5	146.8	142.5	138.4	134.3	656.4
1996.....	97.3	151.2	146.8	142.5	138.4	676.1
1997.....	100.2	155.7	151.2	146.8	142.5	696.4
1998.....	103.2	160.4	155.7	151.2	146.8	717.3
1999.....	106.3	165.2	160.4	155.7	151.2	738.8
2000.....	109.5	170.2	165.2	160.4	155.7	761.0
2001.....	112.8	175.3	170.2	165.2	160.4	783.8
2002.....	116.2	180.5	175.3	170.2	165.2	807.3
2003.....	119.6	185.9	180.5	175.3	170.2	831.5
2004.....	123.2	191.5	185.9	180.5	175.3	856.5
2005.....	126.9	197.3	191.5	185.9	180.5	882.2
2006.....	130.7	203.2	197.3	191.5	185.9	908.6
2007.....	134.7	209.3	203.2	197.3	191.5	935.9
2008.....	138.7	215.5	209.3	203.2	197.3	963.9
2009.....	142.9	222.0	215.5	209.3	203.2	992.8
2010.....	147.2	228.7	222.0	215.5	209.3	1,022.6
2011.....	151.6	235.5	228.7	222.0	215.5	1,053.3
2012.....		242.6	235.5	228.7	222.0	928.8
2013.....			242.6	235.5	228.7	706.8
2014.....				242.6	235.5	478.1
2015.....					242.6	242.6
	4,016.8	6,429.3	6,429.3	6,429.3	6,429.3	29,734.1

NOTE.—Figures are rounded and may not add to totals.

Mr. MILLER. Mr. President, I do not know whether I will vote for the pending bill. There are many unanswered questions about it which I trust will be satisfactorily answered before the debate is concluded. I do feel, however, that adoption of the Byrd amendment will help considerably in enabling me to support the bill. There is a point, Mr. President, to which the taxpayers of my State cannot be pushed. And they are not likely to react favorably when presented with specious arguments in support of some of the provisions contained in this bill.

When one cuts through all of the smoke that has been thrown up on both sides of the argument over the Byrd amendment and gets down to the kernel, the issue is this: The proponents of the administration's request to have both a 5-year authorization and Treasury Department financing—back-door financing—say that this will provide a greater lever on officials of recipient countries

to make basic changes in their tax, governmental, and land ownership systems, because our Development Loan Administrators will be able to make loan commitments without any reservation. The opponents of this request—and the supporters of the Byrd amendment—believe that a 5-year authorization will provide ample support for long-range program planning and that the requirement for Development Loan Administrators to come before Congress each year to justify appropriations to continue their programs, on the basis of performance and/or assurances of officials of recipient countries, will provide a greater lever on these officials to make basic changes in their tax, governmental, and landownership systems.

I happen to be persuaded to the latter view, Mr. President. I might add that I have been very unimpressed by arguments of the proponents of the back-door financing provision that this is necessary to permit long-range program planning. It is not necessary at all. We have been carrying out long-range planning for years under our present foreign aid programs without back-door financing. In the case of Greece, for example, 21 of 47 projects were for 2 to 5 years; in the case of Ethiopia, 42 of 45 projects were from 2 to 15 years. I ask unanimous consent that these projects and their source be printed in the RECORD immediately following my remarks. Moreover, Mr. President, no foreign aid project has ever been discontinued because of failure of Congress to appropriate the money needed.

In conclusion, I am well satisfied that Development Loan administrators and the officials of recipient countries need have no fear of the Appropriations Committees of Congress if they are doing a good job.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GREECE <sup>1</sup>		
Project No.	Started fiscal year	Completion date
240-19-137.....	1958	1960 <sup>2</sup>
240-14-010.....	1958	1962 <sup>3</sup>
240-14-133.....	1959	1959
240-11-009.....	1958	1958
240-11-008.....	1958	1959
240-29-138.....	1959	1961 <sup>4</sup>
240-23-063.....	1956	1959
240-29-153.....	1961	1963 <sup>2</sup>
240-37-131.....	1957	1962 <sup>2</sup>
240-41-139.....	1958	1961 <sup>2</sup>
240-41-053.....	1958	1961 <sup>4</sup>
240-41-153.....	1961	1961 <sup>2</sup>
240-42-090.....	1958	1961 <sup>3</sup>
240-49-051.....	1958	1958
240-61-054.....	1958	1963 <sup>3</sup>
240-71-089.....	1959	1962 <sup>2</sup>
240-83-052.....	1956	1959
240-98-064.....	1956	1960
240-93-162.....	1960	1961 <sup>3</sup>
240-99-154.....	1958	1963 <sup>3</sup>
240-71-089.....	1958	1959 <sup>3</sup>
240-32-126.....	1959	1962 <sup>2</sup>
240-69-146.....	1959	1959 <sup>3</sup>
240-61-157.....	1960	1963 <sup>2</sup>
Industrial safety exhibit (\$7,300).....	1958	1958
240-93-148.....	1959	1961
Greek productivity center (\$200,000).....	1961	( <sup>3</sup> )
240-82-164.....	1961	1961
Retirement of Greek Government debt (\$114,512,000).....	1958	1958
Volos earthquake rehabilitation.....	1956	1957
240-31-106.....	1957	1959
240-12-108.....	1957	1958 <sup>6</sup>
240-61-110.....	1957	1959 <sup>5</sup>

Footnotes at end of table.



GREECE—Continued		
Project No.	Started fiscal year	Completion date
240-85-111.....	1957	1958 <sup>3</sup>
240-85-112.....	1957	1958 <sup>3</sup>
240-22-116.....	1957	1960 <sup>3</sup>
240-31-118.....	1957	1957 <sup>3</sup>
240-31-120.....	1957	1957 <sup>3</sup>
240-94-124.....	1958	1959 <sup>3</sup>
240-31-121.....	1957	1958 <sup>3</sup>
240-31-117.....	1958	1958 <sup>3</sup>
Greek Government state investment program (\$23,666,000).....	1958	1959 <sup>3</sup>
240-32-126.....	1959	1962 <sup>3</sup>
240-69-161.....	1960	1961 <sup>3</sup>
240-69-159.....	1960	1961 <sup>3</sup>
240-69-160.....	1960	1961 <sup>3</sup>

ETHIOPIA		
Project No.	Started fiscal year	Completion date
663-57-911.....	1954	1969 <sup>3</sup>
663-54-914.....	1954	1967 <sup>3</sup>
663-53-055.....	1960	1965 <sup>3</sup>
663-69-900.....	1954	1961 <sup>3</sup>
663-69-906.....	1958	1972 <sup>3</sup>
663-69-908.....	1953	1958
663-66-053.....	1959	1960 <sup>3</sup>
663-66-060.....	1960	1970 <sup>3</sup>
663-67-924.....	1957	1962 <sup>3</sup>
663-68-927.....	1959	1970 <sup>3</sup>
663-69-926.....	1953	1961 <sup>3</sup>
663-79-013.....	1953	1960
663-71-012.....	1958	1960
663-81-040.....	1957	1963 <sup>3</sup>
663-83-041.....	1957	1964
663-99-901.....	1955	1961 <sup>3</sup>
663-99-908.....	1955	1966 <sup>3</sup>
663-96-900.....	1958	1961 <sup>3</sup>
663-96-907.....	1958	1970 <sup>3</sup>
663-96-042.....	1957	1965 <sup>3</sup>
663-91-054.....	1960	1967 <sup>3</sup>
663-99-000.....	1952	1972 <sup>3</sup>
663-19-900.....	1953	1961 <sup>3</sup>
663-19-906.....	1958	1970 <sup>3</sup>
663-11-917.....	1953	1970 <sup>3</sup>
663-13-056.....	1960	1962 <sup>3</sup>
663-13-062.....	1960	1960 <sup>3</sup>
663-13-916.....	1956	1965 <sup>3</sup>
663-13-918.....	1958	1967 <sup>3</sup>
663-19-031.....	1957	1963 <sup>3</sup>
663-19-052.....	1959	1968 <sup>3</sup>
663-19-907.....	1956	1962 <sup>3</sup>
663-25-900.....	1956	1961 <sup>3</sup>
663-25-901.....	1953	1961 <sup>3</sup>
663-29-906.....	1958	1970 <sup>3</sup>
663-25-910.....	1953	1963 <sup>3</sup>
663-25-907.....	1956	1965 <sup>3</sup>
663-25-063.....	1960	1962 <sup>3</sup>
663-37-900.....	1957	1961 <sup>3</sup>
663-37-907.....	1957	1963 <sup>3</sup>
663-59-900.....	1953	1961 <sup>3</sup>
663-59-906.....	1958	1969 <sup>3</sup>
663-51-901.....	1958	1970 <sup>3</sup>
663-51-915.....	1958	1970 <sup>3</sup>
663-51-061.....	1960	1961 <sup>3</sup>

1 6 miscellaneous projects of less than \$10,000 each were omitted.  
2 June 30.  
3 Estimated.  
4 Merged.  
5 Completed.

Source: A report on U.S. foreign operations to Senate Committee on Appropriations by Hon. Allen J. Ellender, 87th Cong., 1st sess.

Mr. BYRD of Virginia. Mr. President, I yield 10 minutes to the distinguished junior Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I wish to direct attention to the background of the phrase "back-door financing" and the points of order which have been made in the past relative thereto. The first challenge to the device of drawing money from the Treasury without an appropriation, and in a bill reported by a committee other than the Committee on Appropriations, was made in the House of Representatives on June 28, 1949, by the junior Senator from South Dakota, who then was a

Member of the House. I made the point of order in the following words:

Mr. Chairman, the point of order I make is that subparagraphs (e) and (f) of section 102 in title I constitute the appropriation of funds from the Federal Treasury, and that the Committee on Banking and Currency is without jurisdiction to report a bill carrying appropriations under clause 4, rule 21, which says that no bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

I then said:

The Constitution has said that no money shall be drawn from the Treasury but in consequence of appropriations made by law. It must follow that the mechanism which gets the money out of the Treasury is an appropriation.

I shall not read the entire argument at this time, but I wish to invite attention to the position of the Chair in the House of Representatives, because it is that decision which has been controlling and which has been relied upon ever since. Mr. Boggs of Louisiana was in the chair. He said:

The Chair is prepared to rule.

The Chair agrees with the gentleman from South Dakota that the point which has been raised is not a casual point of order. As a matter of fact, as far as the Chair has been able to ascertain, this is the first time a point of order has been raised on this issue as violative of clause 4 of rule XXI.

Here follows the nub of the Chair's ruling that the so-called back-door financing did not constitute an appropriation:

As the Chair sees the point of order, the issue involved turns on the meaning of the word "appropriation." "Appropriation," in its usual and customary interpretation, means taking money out of the Treasury by appropriate legislative language for the support of the general functions of Government. The language before us does not do that. This language authorizes the Secretary of the Treasury to use proceeds of public-debt issues for the purpose of making loans. Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

I shall repeat that sentence, Mr. President, because this sentence is the foundation sentence on which, from 1949 on, this type of back-door financing has rested:

Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

Therefore, the Chair rules that the language does not constitute an appropriation, and overrules the point of order.

Following that ruling by the Chair, I made this parliamentary inquiry:

Mr. CASE of South Dakota. Would the Chair hold then that that language restricts the Secretary of the Treasury to using the proceeds of the securities issued under the Second Liberty Bond Act and prevents him from using the proceeds from miscellaneous receipts or tax revenues?

The CHAIRMAN. The Chair does not have authority to draw that distinction. The Chair is passing on the particular point which has been raised.

Mr. CASE of South Dakota. However, Mr. Chairman, it would seem implicit in the

ruling of the Chair and I thought perhaps it could be decided as a part of the parliamentary history. It might help some courts later on.

Mr. President, we have moved to a new era in back-door financing. The bill before the Senate today does not presume to say, as similar bills have in the past, that the Secretary of the Treasury is authorized and directed to purchase bonds that were offered to him, and that the proceeds of the Second Liberty Bond Act should be available for that purpose. In the bill before the Senate, for the first time, so far as I know, that procedure is not resorted to. The bill merely provides that the President shall be authorized to issue these notes for purchase by the Secretary of the Treasury, in order to carry out the purposes of this title. Here, for the first time, it is proposed that the general revenues may be used, without even the gesture of making the provision applicable to the proceeds of Liberty bonds, or anything of that sort. The Secretary of the Treasury is expected to use whatever money may be in the Treasury, and to withdraw it to purchase the bonds.

As I have stated, the ruling of the Chair in the House of Representatives, in 1949, cited the fact that the ruling was based upon the prospective payment in full of the money taken, with interest. In the bill before the Senate, the pertinent language is included in section 202, on page 6, as follows:

Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the U.S. Government.

In the committee's report on the bill, the committee has not pretended to say that the loans from the Development Loan Fund would all be repaid in full or with interest; in fact, at page 8 of the committee report, under the heading "Title I—Development Loan Fund," the report reads:

Interest rates as low as 1 percent are contemplated, and some loans will probably be interest free.

The significance of that statement is indicated, I think, in the reports which were made from the Conference in Uruguay the other day. I quote from an Associated Press report published in the Idaho Falls, Idaho, Post Register of August 7, under the byline of William L. Ryan:

PUNTA DEL ESTE, URUGUAY.—\* \* \* Secretary of the Treasury Douglas Dillon told the Inter-American Economic and Social Conference here Monday that Kennedy's alliance-for-progress program envisions a new aid agency.

"It is our intention that future development loans made by our new aid agency will be on a long-term basis, running where appropriate up to 50 years," he said.

In that connection, it should be noted that the committee report, referring to the Development Loan Fund provision in the bill, contains the following statement:

Terms of repayment up to 50 years will be permitted, in some cases with no repayment



of principal for initial periods of up to 10 years.

In other words, the loan fund which is proposed to be created by the bill will be available for the making of 50-year loans, and during the first 10 years no repayment of principal will be required.

I quote further from the Associated Press dispatch from Uruguay, under a dateline of August 7:

The bulk of the 50-year loans proposed by Dillon would be "at very low or zero rates of interest." Informed sources pointed out such loans, if interest free, would amount in substance to an 80-percent grant.

That, I say, is similar to the point which the Senator from Iowa [Mr. MILLER] made a few moments ago, when he computed the cost to the Treasury of the interest-free loans.

In 1959, when the same type of financing was proposed in the mutual security bill, which was then pending before the Senate, I made the same point of order with respect to the question.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

Mr. CASE of South Dakota. Mr. President, may I have an additional 3 to 5 minutes?

Mr. BYRD of Virginia. Mr. President, I yield 5 minutes to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, in 1949, when the foreign-aid bill was before the Senate, I made a similar point of order, challenging the jurisdiction of the Committee on Foreign Relations to report an appropriation, basing it upon the fact that the Senate, too, has its rules with regard to general appropriations.

In that instance, the ruling of the Chair, advised by the parliamentarian, turned on a somewhat different point—namely, whether that measure proposed a general appropriation.

I questioned the ruling on that occasion, and respectfully appealed from the decision of the Chair. A motion to lay the appeal on the table was made. The motion to lay on the table was rejected by a margin of 11 or 12 votes, as I recall. With the tabling of the motion to lay the appeal on the table, it was apparent that the Senate would have sustained the appeal from the Chair's ruling on the point of order. Thereupon, the majority leader, now the Vice President of the United States, moved an adjournment of the Senate; and the matter went over until the next morning. The next morning, half an hour before the session of the Senate convened, the then Senator from Texas, the majority leader, conferred with the Senator from Illinois, the minority leader and me, and proposed that the provision in question be withdrawn from the bill, that the amount of money involved be made smaller, and that it be made subject to annual appropriations.

Mr. President, that matter is now before us again—although now in somewhat different form, but still based on the idea that an appropriation is not needed, because the term "loan" is used and it is said that the money might be repaid.

Mr. President, if it is held that the transactions would be actual loans, subject to being repaid in full, then they might properly be regarded as loans, not appropriations. However, in view of the provisions of the bill itself, and also the statement made by Secretary Dillon, to the effect that the "loans" can be made for as long a period as 50 years, that during a 10-year period no repayments of the principal might be required, and that the rate of interest might be as low as 1 percent, or that no interest at all might be charged, certainly it is apparent that the proposal is not a good faith one in compliance with the Constitution, which requires that appropriations be made only by law, and contains an absolute interdiction against expenditure of the funds of the taxpayers of the United States by any other method.

Therefore, Mr. President, I believe that the only course now open to the Senate is to agree to the Byrd amendment, strike this provision from the bill, and then require the committee to bring to the Senate appropriate provisions in compliance with the provision of the Constitution that the funds of the people of the United States may be expended only by means of use by Congress of the appropriation procedure.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD relevant portions of the debate which occurred in 1949 in the House of Representatives and in 1959 in the Senate.

There being no objection, the excerpts from the CONGRESSIONAL RECORD were ordered to be printed in the RECORD, as follows:

[From the House of Representatives proceedings, CONGRESSIONAL RECORD for June 28, 1949, pp. 8536-8538]

The CHAIRMAN. The gentleman from South Dakota will proceed to state his point of order.

Mr. CASE of South Dakota. Mr. Chairman, the point of order I make is that subparagraphs (e) and (f) of section 102 in title I constitute the appropriation of funds from the Federal Treasury, and that the Committee on Banking and Currency is without jurisdiction to report a bill carrying appropriations under clause 4, rule 21, which says that no bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations.

This is no casual point of order made as a tactical maneuver in consideration of the bill. I make this point of order because this proposes to expand and develop a device or mechanism for getting funds out of the Federal Treasury in an unprecedented degree.

The Constitution has said that no money shall be drawn from the Treasury but in consequence of appropriations made by law. It must follow that the mechanism which gets the money out of the Treasury is an appropriation.

I invite the attention of the Chairman to the fact that subparagraph (e) states: "To obtain funds for loans under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$25 million, which limit on such outstanding amount shall be increased by \$225 million on July 1, 1950, and by further amounts of \$250 million on July 1 in each of the years 1951, 1952, and 1953, respectively" within the total authorization of \$1 billion.

Further that subparagraph (f) provides that "The Secretary of the Treasury is authorized and directed"—and I call particular attention to the use of the words "and directed"—"to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended"—

And so forth. The way in which this particular language extends this device of giving the Secretary authority to subscribe for notes by some authority is this: It includes the words "and directed."

In other words, the Secretary of the Treasury has no alternative, when the Administrator presents to him some of these securities for purchase, but to purchase them. The Secretary of the Treasury is not limited to purchasing them by proceeds from the sale of bonds or securities. He is directed to purchase these notes and obligations issued by the Administrator. That means he might use funds obtained from taxes, that he might use funds obtained through the assignment of miscellaneous receipts to the Treasury, that he might use funds obtained through the proceeds of bonds.

This proposal will give to the Committee on Banking and Currency, if it should be permitted, authority which the Committee on Appropriations does not have, for in the reporting of an appropriation bill for a fiscal year, any appropriation beyond the fiscal year would be held out of order. Here this committee is reporting a bill which proposes to make mandatory extractions from the Treasury during a period of 4 years.

In considering this matter I have looked up other uses of this device of having the Secretary subscribe to issues of securities, but in no instance have I been able to find where we have directed a Secretary to do so. We have authorized him, but we have never directed him. I have in my hand here supplement 1 of the 1946 edition of the United States Code which in title XV, paragraph 606, sets forth the provision in the Reconstruction Finance Corporation Act of June 30, 1947. In that act the Reconstruction Finance Corporation was authorized to issue to the Secretary of the Treasury its notes, debentures, bonds, and so forth; but when it comes to what the Secretary of the Treasury may do it states:

"The Secretary of the Treasury is authorized to purchase any obligations"—

But it does not say that he is directed to do so; in other words, the Secretary has some discretion on RFC securities; it is not mandatory that money be extracted from the Treasury.

I also have here title 42 of the Code which gives the Housing Act of 1937, as amended, and I invite the Chair's attention to that particularly because we are dealing here with a proposed extension of the housing program. In subparagraph (c) of paragraph 1420, title XLII, United States Code, the following language is carried:

"The Authority is authorized to issue obligations in the form of notes, bonds, or otherwise which it may sell to obtain funds for the purposes of this Act."

It then states that the obligations shall be unconditionally guaranteed but provides for congressional review through specific appropriations in these words:

"In the event that the Authority shall be unable to make such payment upon demand when due, payment shall be made by the Secretary of the Treasury on money authorized to be appropriated for such purpose out of any money in the Treasury not otherwise appropriated."

It does not direct the Secretary of the Treasury to procure them. Now, going further, in subparagraph (d) the language of the Housing Act, as amended, reads:



"The Secretary of the Treasury is likewise authorized to purchase any such obligations."

But it does not contain the words that are included here in subparagraph (f) where the pending bill states:

"The Secretary of the Treasury is authorized and directed to purchase any such notes."

Mr. Chairman, this is not, as I said earlier, a casual point of order; we are here dealing with the fundamental power of the Congress to control appropriations. No such device has ever before, so far as I can find out, been presented to the Congress for getting money in the guise of a legislative bill without its having been considered by the Committee on Appropriations. It is a mandatory extraction of funds from the Public Treasury, and, consequently, constitutes an appropriation and is beyond the authority or the jurisdiction of the Committee on Banking and Currency to report in this bill.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the point of order?

Mr. SPENCE. I do, if the Chair please.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. SPENCE. Mr. Chairman, the raising of funds by public debt transaction has been frequently authorized by the Congress: The Export-Import Bank raises funds by that method; the Bretton Woods Agreement, in my recollection, is carried out by that method; the British loan was financed by that method, and the Federal Deposit Insurance Corporation was also financed by that method. It does not seem to me that this is a seasonable objection. This has been the policy of the Congress for years.

Mr. Chairman, this is not raising money to be appropriated for the purposes that ordinary appropriation bills carry. All of this money is to be used as loans.

Mr. McCORMACK. Mr. Chairman, I agree with my friend who has raised the point of order that this is not a casual one, but, on the contrary, is a very sincere one. It presents a new question from a legislative angle to be passed upon in the direct question raised by the point of order.

The gentleman from South Dakota has referred to the Constitution. The Constitution says:

"No money shall be drawn from the Treasury but in consequence of appropriations made by law."

The word "appropriations" is used.

The rule referred to, clause 4, rule 21, says:

"No bill or resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations."

You will note the word "appropriations" is used. Now, let us see what "appropriations" means.

I have before me Funk & Wagnalls Standard Dictionary and "appropriations" is defined as follows:

"To set apart for a particular use. To take for one's own use."

The provisions of this bill are not taking for one's own use, because this is a loan designed purely for loan purposes. It is not a definite appropriation. It is giving authority to utilize for loan purposes and the money comes back into the Treasury of the United States with interest.

Again, the word "appropriations" is defined: "Something, as money, appropriated"—

I call particular attention to those words "something, as money, appropriated"—"or set apart, as by a legislature, for a special use."

I repeat "something, as money."

The provision in paragraph (f) that my friend has raised a point of order against

relates entirely to loans. As we read section 102 of title I it starts out with loans. Throughout the bill, a number of times, there is reference to loans.

Paragraph (e) says:

"To obtain funds for loans under this title. It is a loan."

The meat of the two paragraphs, as I see it, is this:

Paragraph (f), line 23, page 8, says:

"The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Administrator issued under this title and for such purpose is authorized to use as a public-debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any purchases of such notes and other obligations."

It seems to me that that is the meat. Certainly, the language there does not amount to an appropriation. It is entirely for loan purposes.

I think it is reasonable to submit to the chairman that in order for the House to carry out its will that the rules should be construed from a liberal angle, a broad angle, rather than from a narrow angle. Certainly, the word "appropriations" is used in the Constitution. And, I think it is the rule of the House that must govern, and that is what the Chair has to pass upon, because the Congress could determine by proper legislation what the word "appropriation" means as contained in the Constitution itself. So, it is a rule that I respectfully submit the chairman has got to construe in relation to the provisions of the bill to which the point of order has been addressed, and that specifically says, as I have referred to before, "that no appropriations," and so forth, which refers to appropriations entirely. There is nothing said about loans. Now, if the House intended that it should apply to provisions of this kind, instead of saying, "No bill or joint resolution carrying appropriations shall be reported" the House might have said, "No bill or joint resolution carrying appropriations or having directly or indirectly the effect." There is a difference between cause and effect. Certainly, it applies to this case. The House, in its wisdom, in adopting this rule, confined it to appropriations made to an agency of Government for use by that agency in carrying out what the Congress considered to be essentially the function of the Government during the coming fiscal year or during the period for which the appropriation has been made.

I respectfully submit that it must call for an appropriation out of the general funds of the Treasury in order to violate the rules of the House. This permits the use of money raised by the sale of bonds under the Second Liberty Bond Act for loans to these public agencies, such loans to be repaid with interest.

I respectfully submit, complimenting my friend for having raised the point of order—and certainly, it is not a dilatory one, nor a casual one, one that demands respect—that the point of order does not lie against the language contained in the pending bill.

The CHAIRMAN (Mr. Boggs of Louisiana). The Chair is prepared to rule.

The Chair agrees with the gentleman from South Dakota that the point which has been raised is not a casual point of order. As a matter of fact, as far as the Chair has been able to ascertain, this is the first time a point of order has been raised on this issue as violative of clause 4 of rule XXI.

As the Chair sees the point of order, the issue involved turns on the meaning of the word "appropriation." "Appropriation," in its usual and customary interpretation,

means taking money out of the Treasury by appropriate legislative language for the support of the general functions of Government. The language before us does not do that. This language authorizes the Secretary of the Treasury to use proceeds of public-debt issues for the purpose of making loans. Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

Therefore, the Chair rules that this language does not constitute an appropriation, and overrules the point of order.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Would the Chair hold then that that language restricts the Secretary of the Treasury to using the proceeds of the securities issued under the Second Liberty Bond Act and prevents him from using the proceeds from miscellaneous receipts or tax revenues?

The CHAIRMAN. The Chair does not have authority to draw that distinction. The Chair is passing on the particular point which has been raised.

Mr. CASE of South Dakota. However, Mr. Chairman, it would seem implicit in the ruling of the Chair and I thought perhaps it could be decided as a part of the parliamentary history. It might help some courts later on.

The CHAIRMAN. The Chair can make a distinction between the general funds of the Treasury and money raised for a specific purpose by the issuance of securities. That is the point involved here.

[From the Senate proceedings, CONGRESSIONAL RECORD, July 1, 1959, pp. 12435-12445.]

Mr. CASE of South Dakota. Mr. President, I desire to make a point of order regarding the language which appears on page 16, beginning in line 13, and through line 13 on page 17. That part of the bill is section 203; and I make the point of order against it. That is the language which is proposed to be stricken out by the amendment of the Senator from Illinois, Mr. DIRKSEN.

The point of order is that that provision constitutes an appropriation, and that an appropriations cannot be made in a legislative bill reported by the Foreign Relations Committee.

My reason for believing that provision is an appropriation is that the Constitution of the United States provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The language of the bill to which I make my point of order provides for drawing money from the Treasury. If it results in the drawing of money from the Treasury, then, according to the definition contained in the Constitution, that provision of the bill must be an appropriation.

I invite the attention of the Chair to the constitutional provision that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

So the question as to the validity of the point of order is whether the language which I seek to have stricken out draws money from the Treasury.

I invite the attention of the Chair to the language of the provision itself:

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and condi-



tions of any advances or loans made to the Fund pursuant to this section."

Obviously that draws money from the Treasury; it draws from the Treasury money which the Treasury may have received as a result of the sale of securities issued under the Second Liberty Bond Act.

In the following paragraph the bill provides:

"The amount of such obligations also may not exceed the limitations specified in section 203(a) of this act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations."

Without knowing just what those other assets are, one would assume that those other assets also are funds resting in the Treasury, and that if they are to be made available, they will be drawn from the Treasury.

So the point of order is that this provision of the bill must constitute an appropriation, since it proposes that money be drawn from the Treasury. If it is an appropriation, it may not be reported by the Foreign Relations Committee, because it would constitute an appropriation, and appropriations may be reported only from the Appropriations Committee.

The PRESIDING OFFICER (Mr. Moss in the chair). Is the Senator's point of order that this provision is in violation of the Constitution?

Mr. CASE of South Dakota. No; I merely used the Constitution to define what constitutes an appropriation.

Under the Senate rule, appropriations must be reported from the Appropriations Committee, and may not be contained in a legislative bill.

I used the Constitution merely to define an appropriation.

The Constitution provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

If this provision is an appropriation, it provides for the drawing of money from the Treasury, and therefore the provision is in violation of that Senate rule.

Furthermore, I invite the attention of the Chair to the fact that this question came up before, when the Development Loan Fund was first authorized. At that time the Congress decided to make an authorization, and later to make an appropriation.

The amendment submitted by the distinguished Senator from Illinois [Mr. DIRKSEN] does not propose that the money be taken out of the Treasury by simply providing that the Secretary may take it out; but the amendment of the Senator from Illinois maintains recognition of the fact that this provision of the bill is an appropriation, and it merely authorizes an appropriation. In that event, the appropriation would fall under the annual review of the Appropriations Committee, of course.

The PRESIDING OFFICER. The Chair has not had an opportunity to study the point of order. After discussion with the Parliamentarian, the Chair believes it may be necessary to examine the precedents in connection with this matter.

The Chair wonders whether the chairman of the Foreign Relations Committee has any comments to make in connection with this matter.

Mr. FULBRIGHT. Mr. President, I think the precedents are so clear that the Chair would not need to study the matter. There have been many precedents. The form of this provision is precisely the same as the language used 2 years ago when the Senate voted to approve this very operation of borrowing through the public debt transactions.

The distinguished Senator from Virginia is an authority on this subject; and some time ago he was advised that the precedents are very clear against the point of order now

made by the Senator from South Dakota. I did not know there was the slightest doubt about that, or I would have had a memorandum on it prepared.

The instances in which the Congress has authorized precisely the same operations were stated a few minutes ago, at great length, by the Senator from Vermont.

There are many precedents which authorize this procedure; and I have no doubt that the Parliamentarian will advise the Chair that the point of order is not well taken.

Mr. ROBERTSON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. ROBERTSON. I raised this point in connection with a housing bill, 2 years ago. I was convinced that the Senate did not have authority, under the Senate rule which requires authorization and appropriation, to bypass the Appropriations Committee and go directly to the Treasury, by calling the transaction a debt transaction, because a number of those items would never be paid off, although some of them were revolving funds which would be paid off.

But after I indicated that I intended to make the point of order, I was confidentially informed by the Parliamentarian that the Chair would rule against my point of order.

There has never been a decision that such a provision was in violation of the Senate rule. But the information which came to me from the Parliamentarian was that in some previous year there had been a ruling in the House of Representatives against a position similar to the one I had taken, and that the Parliamentarian would be inclined to follow that.

Then I checked among my colleagues; but I could not find among them support which would justify bringing the matter to a showdown on the floor of the Senate.

So I did not make the point of order, because I understood that if I did make it, the Chair would rule against the point of order, and then I would be obliged to appeal from the ruling of the Chair.

At that time certain items in the housing bill were so very popular that whether it was within the rules of the Senate or not made no great difference.

The situation has become so extreme now, with all the demands on the Treasury for gold from abroad, with \$13 billion of deficit spending, when long-range Government bonds cannot be sold, as to raise the question whether we should continue this practice. That is my first point.

The second point is whether the Senate would like to have a definite solution of this point of order. We can have it. I could not say how the Parliamentarian would rule. All I received was the information that 2 years ago he was going to rule against the point of order. So I did not make the point of order, because I could not follow through successfully. Tonight it may be different.

Mr. CASE of South Dakota. Mr. President, if the Chair will hear me a moment further, it is true, as the distinguished chairman of the Foreign Relations Committee has said, that the same financing device was approved by the Senate by passage of the bill 2 years ago; but the point of order was not made. I invite attention to the report of the Foreign Relations Committee itself this time, on the pending bill, which reads in part, on page 15:

"It will be recalled that this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations totaling \$1,125 million for 2 fiscal years."

In other words, Congress, on reflection of what the Senate had done in approving this matter as a public debt transaction, made a change before it finally enacted the author-

ization for the appropriation. It did not pursue this method.

It is true that the distinguished junior Senator from Virginia raised the question on the housing bill. I think I took part somewhat in the discussion at that time. It was deemed the better part of parliamentary discretion at that time, because of the popularity of the housing bill, perhaps, to avoid pressing for a decision. But here we are proposing to do something Congress has never done before, to say that for 5 years the Secretary can dip into the Treasury and draw out money to the extent of \$1 billion a year. If it can be done for 5 years, if we are to say this will take place for 5 years, what is to prevent, the next time a bill comes before Congress, our saying it can be done for 10 years or 15 years or 20 years or 25 years? If money can be drawn from the Treasury by this kind of device, are we not appropriating money? Are we not drawing money from the Treasury? And the Constitution says no money shall be drawn from the Treasury but in consequence of appropriations made by law. If this is drawing money from the Treasury, it must, it seems to me, be regarded as an appropriation, and it would then fall under the rules of the Senate relating to appropriations.

Mr. FULBRIGHT. Mr. President, I do not think I need say any more about the question. The Export-Import Bank is a good example. It has been operating under the arrangement provided for in the bill for I do not know how many years. It is limited only by the loans it can reasonably approve, which now total some \$9 billion. This is done time and again.

I do not know why the Senator would suddenly choose this particular occasion to raise the point of order. I am perfectly willing to let the Parliamentarian rule on the point. If this procedure had not been followed by Congress, many of the most important programs, as mentioned by the Senator from Vermont a few moments ago, could never have been carried out. I agree with the Parliamentarian and the position of the Senator from Virginia that he was convinced by the Parliamentarian there was no validity to this point of order.

The PRESIDING OFFICER. In view of the precedents of other legislation which has passed this body, including revolving funds created thereunder, even though the point of order was not squarely raised before, the Chair feels disposed to follow the precedents, and overrules the point of order.

The question is on agreeing to the amendment of the Senator from Illinois, Mr. DIRKSEN, to the committee amendment.

Mr. CASE of South Dakota. Mr. President, temporarily I appeal from the decision of the Chair, but I shall withdraw the appeal in a moment, after I make a statement. It is true that what is proposed has been done before, and has been done on other bills. Never, so far as I know, has it been done to the extent and in the direction here proposed, for authority to take as much as \$1 billion a year out of the Treasury for 5 years.

I think this is an issue the Congress should face. In view of the fact that the point has just been raised, I am not sure we are prepared with the material I should like to present to the Senate, if the issue is to be voted upon in the nature of an appeal; nor do I think that the time this evening lends itself to the presentation of this issue. However, I want to say this is an issue which ought to be squarely faced by the Congress. Are we going to surrender the prerogatives that have been prescribed for the Appropriations Committee? Are we going to sacrifice the review procedures provided by annual appropriations and accept the kind of device which, by going around the Appropriations Committee, permits an expenditure to become a public debt



transaction and permits the drawing of money out of the Treasury?

If it can be done for a \$5 billion program, it can be done for more than that. If it can be done for 5 years, it can be done for 25 years.

In terms of amount and in terms of years, this is the most flagrant abuse of the idea that has come to my attention. If there were enough support and if enough Senators had listened to the debate on the point, I would not object to going to a vote on the appeal.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. AIKEN. If it appears that the borrowing authority of the Commodity Credit Corporation would be restricted, would the Senator go along with requiring the Commodity Credit Corporation to get an appropriation?

Mr. CASE of South Dakota. The Senator from South Dakota certainly would, in connection with the Commodity Credit Corporation, as well as the Housing Administration. The Senator from South Dakota has always thought they ought to be made subject to appropriations, and not have this kind of back-door appropriation.

Mr. AIKEN. If it is required in this instance, then I think we should at least from now on require that the borrowing authority should be transferred to appropriations. That goes for small business, big business, the Maritime Commission, stockpiling. To be consistent, the Senator would have to insist on that.

Mr. CASE of South Dakota. The Senator from South Dakota believes that is exactly the way it should be done. The Senator from South Dakota raised this issue in the House years ago. He is consistent in his position.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, the Commodity Credit Corporation does get an appropriation. It has borrowing authority only, and it gets direct appropriations from the Treasury. Ultimately, we pay that which was borrowed.

Mr. AIKEN. To make up the losses; but it gets the money out of the Treasury.

Mr. WILLIAMS of Delaware. That is correct. To make up its losses it must get money from appropriations. It must be repaid. In this instance, there is no way to repay the money.

SEVERAL SENATORS. Vote! Vote!

THE PRESIDING OFFICER. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. CASE of South Dakota. Mr. President, I said that I would withdraw the appeal. On further reflection, I think I shall not withdraw it. I ask for the yeas and nays on my appeal.

The yeas and nays were ordered.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. RUSSELL. I think the Senator from South Dakota is completely correct on the point of order he has made.

Mr. LAUSCHE. Mr. President, will the Senator speak louder?

Mr. CASE of South Dakota. Mr. President, may we have order?

THE PRESIDING OFFICER. The Senate will be in order.

The Senator from Georgia may proceed.

Mr. RUSSELL. I shall vote to overrule the ruling of the Chair, with all deference to the Chair, because, in my opinion, the policy which is embraced in this amendment can lead to a serious impairment of the power of the purse and control of the purse that has resided in parliamentary bodies since the dawn of at least English parliamentary history.

If we delegate for 5 years the power to take a billion dollars from the Treasury without coming to the Congress, we will surrender some, at least, of the power of the purse, because a simple majority of the Congress could not alter what was done unless the President approved. It would require a two-thirds vote to override a veto to recapture the power of the purse.

This is an entirely different thing from an authorization. If the language of the bill as reported provided for an authorization for an appropriation of a billion dollars each year, of course it would be entirely consonant with the rules of the Senate and with the maintenance of the power of Congress over expenditures on an annual basis. This is going a long way from the original concept of Congress on matters which have to do with fiscal policies of the Government.

The Founding Fathers did everything they could to provide that each Congress would have a right by a simple majority to determine fiscal policies. The Founding Fathers even wrote into the Constitution a provision that no appropriation for the maintenance of the Army should be for a longer period than 2 years. If the Congress wants to authorize a billion dollars a year for loans it ought to authorize it and not appropriate for 5 years a billion dollars a year. It would take a two-thirds vote of the Congress, of each House, ever to recapture the power. It would matter not how strongly we felt it necessary, because the President could veto any bill which might interfere with this arrangement.

Mr. CASE of South Dakota. Before the distinguished Senator takes his seat, I wonder if I might ask his opinion with respect to an interpretation of a phrase in the Constitution which I have been using in connection with my point of view as to the defining of what is an appropriation. The Constitution, in article I, section 9, says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Is it not the opinion of the distinguished Senator from Georgia that since the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act, and so forth, as set forth in the bill, he would be drawing money from the Treasury?

Mr. RUSSELL. This is not the first time we have done violence to my concept of the Constitution. This has happened in respect to a great many other bills, more particularly with respect to some of the housing bills. In my opinion, the Constitution provided that Congress should take two looks at these large expenditures of funds; one at the time of the authorization, and one when the appropriation was made according to law to meet the authorization. Under what is now proposed, the Congress would not get the two looks at the matter.

Mr. CASE of South Dakota. Mr. President, for the purpose of getting the point clearly before those who have come into the Chamber since this discussion started, my point of order is not that the bill may be unconstitutional. I am not arguing that the bill may be unconstitutional. I am saying that by the provisions of the Constitution the language in the bill constitutes an appropriation, for the Constitution says, "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The language of the bill provides for drawing money from the Treasury, to the amount of a billion dollars a year for 5 years. The language even provides that if the money is not used in 1 year any unused portion can be used in the next year. The language is "any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding pe-

riod." This represents a drawing of \$5 billion out of the Treasury in 5 years.

Mr. RUSSELL. It is a reappropriation which is something always considered to be in the power of the Appropriations Committee. It is a reappropriation of funds not expended each year.

Mr. CASE of South Dakota. If the language draws money from the Treasury, that constitutes an appropriation under the definition in the Constitution.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. If it is an appropriation it must come, under the rules of the Senate pertaining to appropriations, only from the Appropriations Committee. It can be reported only from the Appropriations Committee.

I yield to the Senator from Illinois.

Mr. DIRKSEN. A parliamentary inquiry, Mr. President.

THE PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Will the Presiding Officer refresh the memories of Senators as to the basis for the ruling?

THE PRESIDING OFFICER. The ruling of the Chair on the point of order?

Mr. DIRKSEN. Yes. If I correctly heard the Presiding Officer, the point of order was overruled on the ground that there are precedent for the language which is carried in the bill. I am not sure I correctly understand whether by "precedent" the Chair meant this was a practice which had not been successfully challenged heretofore, or whether it represented a careful analysis of the rule and of the language involved.

THE PRESIDING OFFICER. The basis for the ruling of the Chair was that this practice has been followed on many previous occasions and has been acquiesced in by the Senate. On that basis the Chair found that at no time had the question been squarely presented, as it is now. Based on that history, on the basis of the action of the Senate the Chair overruled the point of order. There is now before the Senate an appeal from the ruling of the Chair.

Mr. CASE of South Dakota. Mr. President, of course, I doubt that anybody would maintain that simply because some law or rule was not enforced. It was repealed because it had not been used. If the issue has never been squarely presented to the Senate before for a definite ruling, perhaps it is because the issue was never so large or never seemed to be so flagrant an abuse of the rule as is the case now before us.

Again I state for the benefit of those Senators who have come into the Chamber during the debate, although the Senate did sanction this practice, so to speak, by passing the bill 2 years ago, the bill was changed before it became law. The authority for that statement is the report of the committee itself, where it says, at page 15, "this is the same financing device which was proposed by the administration and approved by the Senate when the Fund was first established in 1957. As finally enacted that year, however, the law creating the Fund authorized appropriations." So the language was changed before it became law.

Mr. KEATING. Mr. President, will the distinguished Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from New York.

Mr. KEATING. Mr. President, with the utmost deference to the ruling of the Chair, I respectfully suggest that the mere fact that this question has not been raised before and that this method of financing has been contained in previous legislation could scarcely be construed to be a precedent dealing with the precise situation before us today. I have not completely made up my mind on the merits whether to support the committee



amendment or the amendment offered by the distinguished Senator from Illinois. However I stress the fact that this point of order raises a fundamental issue. I agree entirely with the reasoning of the Senator from South Dakota that the language objected to constitutes a taking of funds out of the U.S. Treasury and is a matter therefore which under Senate rules should be handled by and should come to us from the Appropriations Committee. I, therefore, shall support the appeal from the ruling of the Chair, although I have great respect for the present occupant of the Chair and for his ruling. This back-door approach to the Treasury raises problems very much deeper than anything relating to this specific bill.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from North Carolina.

Mr. ERVIN. I should like to ask the Senator from South Dakota if the ruling of the Chair, in effect, is: Since there is no precedent on this subject, the absence of a precedent shall constitute a precedent adverse to the position of the Senator from South Dakota.

Mr. CASE of South Dakota. Apparently, whatever is the indicated ruling, it is adverse to the position of the Senator from South Dakota. [Laughter.]

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield to the Senator from Colorado.

Mr. CARROLL. Will the distinguished Senator from South Dakota give his opinion on this matter: If we overrule the ruling of the Chair, what would be the effect upon the Dirksen amendment, which is now pending?

Mr. CASE of South Dakota. If the point of order were sustained and made to apply to the entire paragraph, the paragraph would come out of the bill. Actually, the point of order is primarily directed to the language beginning at line 23 dealing with the withdrawal of the money. If the point of order is sustained as made, all the language would come out and there would not be anything for the Dirksen amendment to amend. The remedy to the situation, of course, would be to reinstate the first part of the language and then simply make it an authorization for an appropriation.

Mr. CARROLL. Mr. President, will the Senator yield further?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CARROLL. I understood the Senator yielded to me.

Mr. CASE of South Dakota. Yes, I yield to the Senator from Colorado.

Mr. CARROLL. My reason for asking the question is that it seems to me that if the point of order applies, as the distinguished Senator from South Dakota says, to the so-called Fulbright concept in the bill itself, it must necessarily apply to the Dirksen amendment. If the point of order applies to the Dirksen amendment, it would destroy the President's own program, because, by the words of the minority leader, this is the President's program.

Mr. CASE of South Dakota. Perhaps I should advise the Senator from Colorado that the language of the Dirksen amendment uses the words "authorization for an appropriation" and does not propose to draw money from the Treasury.

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota yield to me so that I may supplement what he has said?

Mr. CARROLL. May I continue? Is it not true that the Dirksen amendment provides authorizations for successive years, with appropriations of \$700 million for 1 year, \$500 million for another year, and \$300 million for another year?

Mr. CASE of South Dakota. It merely provides for authorizing an appropriation.

Mr. CARROLL. May I ask another question? The Senator from Colorado has not been present in the Chamber the entire time, nor has he been a Member of this body long. What would be the effect over a long period of time, if we legislated in this fashion? What would be the effect upon housing legislation? What would be the effect upon numerous other types of legislation if the Senate adopts the position advocated by the Senator from South Dakota, in view of the funds already provided and obligated? What would be the effect if the Senate should now sustain the point of order made by the distinguished Senator from South Dakota?

Mr. CASE of South Dakota. Of course, if action were taken now, it would not repeal legislation which is on the statute books authorizing certain things to be done. It would, however, create a precedent, so that hereafter, instead of taking money out of the Treasury without an appropriation bill, the form would be followed which we follow in connection with most domestic legislation, in which we authorize appropriations to be made.

Mr. CARROLL. I suggest to the Senator that if his concept of the Constitution is accurate, there will be a shutoff immediately.

Mr. CASE of South Dakota. No.

Mr. CARROLL. I think we should be very careful how we handle the situation.

Mr. CASE of South Dakota. The Senator from South Dakota has not said that the point of order rests upon constitutional grounds. He is not saying that the bill is unconstitutional, or that past legislation which used this device is unconstitutional. He has merely cited the Constitution to define what an appropriation is; and if this constitutes an appropriation, then it comes under the rules of the Senate relating to the reporting of appropriations.

Let me read the constitutional provision again, because I think there is an important distinction. The issue has never been presented quite so clearly. I am using the Constitution merely to define an appropriation:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The question is: Does the language in the bill propose to draw money from the Treasury? If it draws money from the Treasury, it must be an appropriation. If it is an appropriation, then it comes under the rules of the Senate pertaining to the reporting of appropriations.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. LAUSCHE. I wished to touch upon the question raised by the Senator from Colorado, with reference to the application of the rule urged by the Senator from South Dakota, with respect to the Dirksen amendment.

Let us remember that the Dirksen amendment does not direct the Treasury to pay out the amounts identified by the Senator from Colorado. The Dirksen amendment specifically provides that each year an appropriation shall be made.

Mr. CASE of South Dakota. May be made.

It authorizes an appropriation to be made.

Mr. LAUSCHE. It may be made.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. FULBRIGHT. As I understand, the Senator is not basing his point of order on the ground of unconstitutionality, but on the rules of the Senate. Is that correct?

Mr. CASE of South Dakota. That is correct.

Mr. FULBRIGHT. I invite the Senator's attention to the text beginning on page 70 of the volume on Senate procedure, in which the following language is found:

#### "DEFINITION OF GENERAL APPROPRIATION BILLS"

"There is a distinction between what is commonly called a general appropriation bill and a bill providing for a special appropriation.' The 'rule itself was intended to include only the general appropriation bills, which are well defined, carrying general appropriations for the various departments.'

"In specific cases, the following have been held to be general appropriation bills within the meaning of rule XVI: Urgent deficiency appropriation bills, deficiency appropriation bills, river and harbor appropriation bills, all chapters of an omnibus or consolidated general appropriation as the one of 1950.

"In the 84th Congress, the bills considered to be general appropriation bills follow: Urgent deficiency, 1955; Treasury and Post Office, 1956; second supplemental, 1955; Labor and Health and Welfare, 1956; Interior, related agencies, 1956; Agriculture, 1956; independent offices, 1956; State, Justice, and Judiciary, 1956; Defense Department, 1956; District of Columbia, 1956; Commerce and related agencies, 1956; general Government matters, 1956; public works, 1956; legislative, 1956; mutual security, 1956; supplemental, 1956.

#### "DEFINITION OF SPECIAL APPROPRIATION BILLS"

"All bills appropriating money which are not general in nature are considered as special appropriation bills and therefore not subject to the restrictions found in rule XVI. Examples of bills held by the Senate to be special appropriation bills follow:

"Relief appropriation bill of 1939 and 1940, work relief bill for 1943 (in the House), a joint resolution making appropriations for relief purposes; a joint resolution making appropriations for emergency relief purposes; a joint resolution providing additional appropriations for the Civilian Conservation Corps; a bill making appropriations to enable the Secretary of Agriculture to carry out the purposes of 'An act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products'; a bill making an appropriation for farm relief in drought and storm-stricken areas; and a bill making an appropriation to enable the United States to make payments upon subscriptions to the capital stock of the Reconstruction Finance Corporation."

Is it not a fact that under the rule this is a special appropriation bill, and is not covered by the rule which the Senator cites as his reason for challenging this particular provision?

Mr. CASE of South Dakota. Responding to the Senator from Arkansas, I have two observations—first, if a proposal to appropriate \$1 billion a year for 5 years is not an appropriation which comes under the rules which would place it under the jurisdiction of the Committee on Appropriations, we ought to redefine "appropriations."

Second—

Mr. FULBRIGHT. I did not say that this was an appropriation bill. The Senator said it was. I deny that it is an appropriation bill.

Mr. CASE of South Dakota. Does the Senator from Arkansas think this is an appropriation bill?

Mr. FULBRIGHT. This is an authorization to borrow money, which would be repaid to the Treasury. Most of the precedents already cited are in connection with programs to borrow money, to be repaid to the Treasury; but such a provision is not considered an appropriation, within the constitutional meaning.

Mr. CASE of South Dakota. Does the Senator understand that this is not a provision to draw money from the Treasury?

Mr. FULBRIGHT. Not in the sense in which that term is used in the Constitution. The money is borrowed. That is the language of the bill. That is the reason why, in the past, practically all such programs have in-



volved authority to borrow money from the Treasury, which, it is contemplated, will be repaid to the Treasury.

This is an extremely far-reaching proposal. I had no notice that the Senator intended to raise any such point of order. It would seem to me to be dangerous and improvident to decide at this point a question which would affect the housing program, the seaway, to which reference has already been made, the Export-Import Bank, the International Bank, and other programs which are of the utmost importance to this Government. Such programs would be affected by the ruling. If the Senate is to decide a question of this importance, it should be submitted to the Committee on Rules and Administration for serious study. I would call it an extremely improvident act to decide an issue as important as this without any preparation, without any hearings, without even the benefit of the exhaustive study the Senator from Virginia prepared in a previous case, which I remember discussing with him. He had done a great amount of research, and we had the benefit of it.

I submit that on the narrow ground proposed by the Senator from South Dakota, relying on the rules of the Senate itself, the point of order does not apply.

Mr. CASE of South Dakota. Will the Senator from Arkansas advise the Senate why it was that 2 years ago, when the bill was finally enacted—I assume as the result of a conference—instead of following this plan, the bill was changed so as to authorize appropriations?

Mr. FULBRIGHT. I shall be very glad to tell the Senator; and I think that is at the root of the necessity for the procedure followed in the present bill.

For a long time the Senate Committee on Appropriations has had under consideration a move to outlaw or forbid any kind of procedure other than appropriations. The Senate had gone along, but in conference the House insisted upon a different procedure. As often happens, Senators having many pressing duties, and being members of various committees, gave way in this instance, for those and various other reasons.

Later the House, by its action, refused to allow anything. It was understood in the conference that if we would not insist upon our position the House conferees would be very lenient and considerate in recommending the appropriation of the necessary amounts, following the authorization of more than \$1 billion.

As events proved, the House refused to appropriate anything this year in connection with the supplemental bill or rather, it did not appropriate the full amount authorized.

This only emphasizes the necessity for the procedure which the committee recommended. The House Committee on Appropriations does not confine itself to recommending appropriations. It has assumed the authority to make policy. When the House refuses to appropriate for a program such as this, for all practical purposes it denies the policy.

When it is asserted that this procedure takes away the control of Congress over these programs, that is a mistake. It does not take away the control of the Congress at all. The Committee on Foreign Relations is as much a part of the Congress as is the Committee on Appropriations. It is only human nature that members of the Appropriations Committee, like all other human beings, like to get all the power they can. This is especially true of the House committee. The record shows that the Senate committee has been extremely cooperative in carrying out the policy determined by the Congress as a whole; but in several instances the House has not been—specifically, in the

case I have just mentioned, at the beginning of this year. The administration requested \$250 million, and the House Appropriations Committee allowed nothing.

After a very long struggle on the part of the Senate, and insistence on the part of the Senate, together with the exertion of great efforts by the administration, the final result was an appropriation of \$150 million.

The issue is within the Congress. Congress is not denied control. Congress will continue to have control over the programs through its legislative committees.

If the ruling of the Chair is overruled, complete authority over these programs will have been delegated to the Committee on Appropriations.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I shall be glad to yield in a moment. First, let me respond to the observations of the Senator from Arkansas.

First, I assure the Senator from Arkansas that had I known this provision was in the bill and had I known this question would arise, I would have conferred with him.

Mr. FULBRIGHT. It has been no secret. It has been well advertised.

Mr. CASE of South Dakota. There has been no secret about it. However, the Senator from South Dakota—and that is true of every other Senator—is busy with other duties, and does not always read bills before they reach the floor of the Senate. I had assumed, with respect to the Loan Fund, that inasmuch as 2 years ago the committee apparently acquiesced in the idea that there should be an authorization for an appropriation, the increase for the Development Loan Fund would also follow the same device as was used 2 years ago.

It was only as I went to the news ticker, after I came from a committee meeting this afternoon, that I read about the Dirksen amendment, and then compared it with the language which was proposed to be stricken, that it dawned on me that what was proposed was a change in the handling of the Development Fund.

Second, if 2 years ago it seemed to be the better part of discretion to make it an authorization for appropriation, when only \$1,250 million was involved for 2 fiscal years, it might be the better part of discretion, in dealing with the House this time, to have an authorization for appropriation, unless it is planned to make an authorization for \$5 billion covering 5 years.

I now yield to the Senator from Georgia.

Mr. RUSSELL. Mr. President, in a sense, I regret that this issue has arisen in this way, in this fashion, and at this time. But there cannot be any question, since the issue is here, that this provision of the bill collides squarely with rule XVI of the Senate, which provides that appropriations shall be considered by the Committee on Appropriations.

There cannot be any question that if the Senate adopts this provision and bypasses rule XVI, we are not only surrendering power now, but are binding the next two Congresses and handicapping them with amendments in dealing with this program.

If the Members of future Congresses, not yet elected, thought it wise to reduce the amount, a two-thirds vote would be required to undo something which we are asked to provide by a majority vote.

With respect to the argument as to the special appropriation, I invite attention to the last paragraph of the report of the committee, page 1, which reads as follows:

"In all, the bill authorizes appropriations for the coming fiscal year of \$3,164,820,000. This is in addition to authority provided the Development Loan Fund to borrow up to \$1 billion a year from the Treasury for each of the next 5 years for its lending operations."

In other words, under this peculiar arrangement, it will be necessary to give a

general appropriation bill to deal with every item of the bill, which the committee report says is \$3,164 million, except the \$1 billion which goes into the Loan Fund. That is appropriated out of hand in this bill in violation of the terms of rule XVI. It is not only violated out of hand under this provision for 1959; it is violated also for 1960, 1961, 1962, 1963, and 1964, because there is a general violation of the authority of rule XVI relating to the Committee on Appropriations.

The greater part of the money to be appropriated is handled under the rules of the Senate. But the billion-dollar Loan Fund receives special handling in violation of rule XVI, not only for this year, but also for the 4 ensuing years.

It would be a very simple matter to rewrite the provision and authorize an appropriation of \$1 billion a year for each of 5 years. If that were done, it would be consistent with the rules of the Senate and with the policies which pertain to practically all the other spending operations of the Government.

It is quite true that there have been some provisions in housing bills which have been handled in this way. In my opinion, they are violative of rule XVI. I think there ought to be an authorization to provide a special appropriation. This is simply a general authorization with an attempt made to exclude \$1 billion of it from having to follow the course of other appropriations by going before the Committee on Appropriations.

Mr. CAPEHART. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield to the Senator from Indiana.

Mr. AIKEN. Mr. President, may we have the regular order? I do not think one Senator ought to hold the floor indefinitely and yield to others to make speeches.

Mr. CASE of South Dakota. I yield the floor.

Mr. CAPEHART. I want to talk about the practical aspects of the matter, not whether the Federal Government should or should not lend money. The practice of authorizing the Treasury to lend money has developed as a result of Congress authorizing or passing laws to enable the Federal Government to lend money to many different kinds of projects.

For example, there are two kinds of expenditures at the moment in the Federal Government. One is expenditures for business purposes, expenditures which we would call expenses. In other words, the money is spent 100 percent as expenses. The Government never expects to get it back.

In the case of a bank, a bank lends money and expects to get the money back. It lends the money out of its treasury, and the loans are repaid to the treasury. It seems to me that we ought to set aside this request for a ruling tonight and that the Senate ought to give a little thought, possibly, to going before the Committee on Rules and Administration to establish a policy or adopt a rule whereby all moneys which it is intended to lend, and as to which it is expected it will be returned to the Treasury, could be handled on an authorization basis, such as the bill provides.

When we authorize the Treasury to lend money for a specific purpose, such as the Export-Import Bank, the Commodity Credit Corporation, the International Bank, and a half a dozen housing projects, we do not know whether the money will be lent in 1 year or over a longer period of time.

Therefore, if we appropriate \$1 billion, and there is a request for only \$500 million to be loaned, then there is \$500 million in an appropriation bill which will not be used.

It seems to me that we ought to set this matter aside. The Senator from South Dakota could submit a resolution to be referred to the Committee on Rules and Administration, to enable a study to be made of the



advisability of setting up a system to handle loans which we know will be loans, as compared with what might be termed expense matters.

I think we would be much better off to authorize the Treasury to lend money in instances when the money will be repaid to the Treasury, than we would be to go the appropriation route. I think we ought to have all the safeguards that we can possibly get with reference to authorizations for the Treasury to lend money for specific purposes.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I think the Senator from Indiana has made a very fine point; namely, that instead of considering this proposal as a single-shot method, there ought to be a determination, once and for all, across the board. The Senator has suggested that a resolution be offered in order to arrive at that determination. I am certain the Senator is aware of the fact that in the House a resolution has been offered. I believe it is still pending in the Committee on Rules. If adopted, it would touch on these various programs. A movement such as is being considered here would affect only one individual program.

What is difficult for me to understand is how only a few weeks ago the administration itself asked for this very kind of program in connection with the International Monetary Fund. That program was advocated, I am sure, by the majority leader. I imagine the Senator from South Dakota and probably all other Senators on the other side of the aisle, as well as on this side of the aisle, favored it. Why we should now, in one particular program seek to strike it, I fail to understand.

Mr. CAPEHART. As a practical business matter, there would be better control over the funds and over the money is the Treasury were authorized to lend money to the corporations or the institutions to which the loans are to be made, than by the appropriation route, in my opinion.

If we appropriate the money, the attitude will be taken that it is appropriated and will be gone. But since we are going to lend money which will be repaid and are going to have collateral—a note or some other sort of instrument—it seems to me, purely from a business standpoint and a practical standpoint that it would be better to go that route than the appropriation route.

If it is the will and the judgment of the Senate, after studying the program, and after referring it to the Committee on Rules and Administration, that we ought to do this, then we ought to treat all similar projects alike. We ought to treat the Commodity Credit Corporation, the Housing Authority, the International Bank, the Export-Import Bank, and others, alike. We ought to say, "From now on we will appropriate money rather than to go the route we have been going."

I, myself would favor a rule which provided that when the money has been expended and the Government never expects it to be returned, such funds be considered by the appropriation route.

When the money is to be lent, and we expect it to be returned when the loans are repaid to the Treasury, I think it would be wiser to go the other route.

For example, let us consider the amount of money which the Commodity Credit Corporation will lend this year. Let us consider the amount the Export-Import Bank will lend. Let us consider what the International Bank and the Housing Authorities will spend. When we consider all these projects, the amount runs into a large sum. It runs up the appropriation bill. No particular amount of money is saved for the Government, but a great deal of money is ap-

propriated, without knowing how much of it will be loaned.

I prefer to make certain that we authorize the Treasury to loan the money, and put the Treasury in a position to be certain that the money will be paid back, and have the money paid back to the Treasury; and in the case of the 100 percent expenditure items—items which we do not expect will result in the repayment of any of the money—handle them by means of appropriations.

Therefore, I believe we should study this problem. I am generally in favor of tightening up on the procedure. But I do not think that should be done in connection with the pending bill.

Mr. CASE of South Dakota. But first an appropriation to the loan fund should be authorized.

Mr. CAPEHART. But the \$1 billion will stand as an appropriation. It may well be that the loans will amount to \$200 million; but \$800 million more will then have been appropriated.

Mr. CASE of South Dakota. No; we could merely have authorized the appropriation of \$1 billion, and then what was actually needed would be appropriated.

Mr. CAPEHART. But what is the difference between appropriating the money and saying "Pick up the money whenever you need it," and saying to the Treasury, "Advance the money when it is needed"?

Mr. CASE of South Dakota. Because then the Appropriations Committee will have an opportunity to make its annual review.

Mr. CAPEHART. I have great respect for the Appropriations Committee, but I do not believe it is wiser than any of the other committees.

If, under the House of Representatives rules, control of all the money were to be placed in the hands of the chairman of the Appropriations Committee, a great deal of trouble might develop.

Mr. ALLOTT. Mr. President, in my opinion there are very many basic and philosophical reasons why it is wise to pursue the course of tightening up and of returning the appropriations to the hands of the Appropriations Committee.

The legalities of this matter have been discussed at some length.

In my opinion, this matter comes under rule XVI of the Senate rules. In fact, I should like to use the citation the Senator from Arkansas himself used; I refer to the volume entitled "Senate Procedures." The Senator from Arkansas referred to page 70 of that volume. Thereafter, on page 71, we find the following:

"In the 84th Congress, the bills considered to be general appropriation bills follow:"

And in the following list, the next to the last item is:

"Mutual security, 1956."

So there is no question that under the Senate rules this is an appropriation matter, and falls within rule XVI.

I should like to address myself to one or two points. I see on the floor the Senator from Louisiana, and I am sure he will recall what I am about to say.

It is said that this provision will simply constitute borrowing, and that all of the money is to be repaid.

The Senate has the intention of getting away from the old idea of making grants and gifts to the various nations; and, instead, the Senate wishes to loan them money by means of the Development Loan Fund.

This year in the Appropriations Committee the officers of the Development Loan Fund testified. If I recall correctly—and I believe I do, although I do not have the hearings before me at the moment—they testified that one-third of these funds will be loaned in soft currencies or will be repayable in soft currencies. That means that there would be a long, long time before the

money which they would loan from the Treasury would be repaid.

Knowing that, and knowing that a considerable portion of this money would, in the long run, be an actual appropriation—and I think the Senator from Indiana is mistaken in his concept of the nature and the kind of these loans—at that time I questioned the officers as to the nature of the security. They take the notes or bonds of these people; but very rarely do they take mortgages. So we depend on the credit of these countries, and do not usually hold mortgages for the amounts loaned.

I think the Senate should look into this area, with the idea of tightening up on the law.

So I conclude my comments by stating that the authorities cited by the Senator from Arkansas say that this is a general appropriation.

Furthermore, Mr. President, I point out that when we engage in this procedure, we know that a considerable portion of the money, at least, is an actual appropriation.

Mr. ROBERTSON. Mr. President, will the Senator from Colorado yield?

Mr. ALLOTT. I yield.

Mr. ROBERTSON. Is it not a fact that the purpose of this trust fund is to make loans to underprivileged nations that do not have sufficient bankable security to obtain loans either from the International Bank or from the Export-Import Bank?

Mr. ALLOTT. That is correct.

Mr. ROBERTSON. Consequently, it is not realistic for us to fail to face up to the fact that much of the money will never be repaid. The recipient countries will not be able to repay it.

Mr. ALLOTT. By the terms of the loans themselves, some will be repayable in the soft currencies of the countries to which the loans are made.

Mr. ROBERTSON. Absolutely.

Mr. HOLLAND. Mr. President, I have supported the Development Loan Fund, both when it was created and when it had to be supplemented by additional appropriations, approximately 2 or 3 months ago. I did so because I believe in loans as a better method of extending the help of our strong financial arm, rather than to proceed by way of grants or gifts. It is as a friend of this particular type of activity, as contrasted with grants and gifts, that I make these remarks.

First, I should like to call attention to the fact that the question is not—as stated by the Senator from Indiana—whether the funds will be expended and gone from the Treasury or whether they will be invested and later may be returned.

The Constitution provides:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

There is no question that money will be drawn from the Treasury, under this measure. Money may be lawfully drawn from the Treasury, under this measure, if it be passed and enacted into law, up to the amount of \$1 billion a year, for 5 years, and up to the amount of the accumulated balances during the 5 years, and up to the amount of the repayments made during those 5 years, because a revolving fund is set up.

So it is completely idle for anyone to say that this is not an appropriation bill—and a very large appropriation bill—or to say that it does not come within the purview of the Senate rules which relate to appropriation bills.

Mr. President, some of my friends in their earlier remarks indicated that they were fearful that if the ruling of the Chair were not sustained in this case, difficulties would be created in the case of existing housing programs, the seaway appropriations, and other programs which have been handled in this manner. But such a conclusion would



be completely erroneous, because here the only question is whether, under the rules of the Senate, the procedure in the case of the pending bill is sound.

Many measures which are passed by the Senate could be attacked by the making of a point of order at the proper time. But often at the time the Senate is so united in its view that the objective of the measure is sound and salutary, that no point of order is raised.

Having served for some years on the Appropriations Committee, I know it is hardly ever that an appropriation bill comes here from the other body without containing numerous items of legislation which could have been stricken out if points of order were made appropriately in the other body.

I also know that as our Appropriations Committee has reported such measures to the Senate, and as they have been passed, there have been frequent additions to the bills by way of affirmative legislation to which no point of order has been raised; and such provisions are perfectly legal when passed in that way.

I remember that last year, when I was handling, here on the floor, the appropriation bill for the Department of Commerce and related agencies—a bill in which our committee had included a provision to allow more high-rated positions in the CAA, which at that time was being very much enlarged—there was a colloquy and debate with my distinguished friend, the Senator from Kansas, and with my distinguished friend, the Senator from South Carolina. But when they realized the salutary nature of the provision which was included, they graciously consented not to raise the point of order; and the bill was passed and was enacted into law with that provision in it; and it was enacted in such a way as to redound to the better serving of the objectives which the CAA carried out.

Scarcely an appropriation bill which the Senate passes fails to contain one or more—sometimes many more—provisions of that sort.

So my friends do not need to worry about how legislation already enacted or already passed may be affected if the ruling of the Chair is not sustained. In that event, such legislation will not be affected in any way, because no point of order was raised at the time of its consideration.

I am sure that in the future there will be times when the Senate will decide that it is wise legislative procedure to overlook the raising of a point of order, when it is proposed to do something very necessary in a certain field, and when the actual cost, at the time when the Senate acts, cannot be assessed.

Mr. President, in this proposed legislation we are asked to appropriate \$5 billion, to be spent once, twice, or as many times as it may be paid back, without further control by the Appropriations Committee, which in itself is a minor matter, without the power on the part of Congress to revert to the other system in the event it cannot override the veto of a President who is anxious that this system prevail.

I can understand why this provision was written into the bill. It was because the Executive thought the Congress should have been more generous than it saw fit to be, in the supplemental bill of 2 or 3 months ago, in the granting of additional funds for the Development Loan Fund.

In the expenditure of funds so large as these are, and on an objective which is as subject to question as this is, in which the Congress has insisted on having first an authorization bill and then an appropriation bill in each year in which the foreign-aid program has been operating, it seems to me we have a question which is so very vital and one in connection with which the discretion of the Congress should be kept in

the picture, in behalf of the taxpayers and the protection of the Treasury, that the Senator from South Dakota was completely justified in raising his point of order, and the Senator is completely justified in standing back of it.

One more remark and I shall be through. No one attaches any criticism at all to the Presiding Officer for his ruling. He very properly referred the matter to the Parliamentarian, and ruled in accordance with what the Parliamentarian advised him, which was the proper course for him to follow. The Parliamentarian has in effect advised that, since the Congress has seen fit not to raise points of order in previous legislation which was highly beneficial to our country, and which was desired to be passed, therefore the point of order could not be raised at this time and on this particular item.

I do not think that reasoning is logical. I do not think that conclusion follows at all. Just as the Senate exercises its judgment from time to time on matters of legislation in appropriation bills, refusing to raise the point of order on some and raising it on others, so may we always—and I hope we shall always—have the right to raise a point of order when a vital matter to our people is involved; and certainly this is such a matter.

Mr. President, may I say, before I take my seat, certainly the Senator from Arkansas and his committee are not to be criticized in any way for what they have done, because they have made so clear what they intend to do. The Senator from Georgia, or perhaps it was one of the other Senators, has already read the language on page 1 of the report, making it very clear that, in addition to the appropriation which is to be made under this authorization, there is authority granted for the Development Loan Fund to borrow \$1 billion a year for the next 5 years. The report could have gone ahead to make it clear that moneys paid back could be reloaned, but that was not necessary.

If Senators will read pages 15 and 16 of the report they will find the committee laid this matter straight on the line, so there could be no question as to what was intended. Speaking of these particular subsections, the report states:

"These subsections effect a major change in the method of financing the Development Loan Fund. Instead of an authorization of appropriations of \$700 million for fiscal 1960, as proposed by the administration, the committee bill gives the Fund authority to borrow from the Treasury up to \$1 billion a year in each of 5 fiscal years beginning in 1960. Any unused portion of this borrowing authority in 1 year is to be added to authority available in succeeding years. The Secretary of the Treasury is authorized to meet the Fund's needs by a public debt transaction."

That does not mean the funds are not going to be spent from the Treasury. Whether they are spent at the time they are turned over to the Development Loan Fund or at the time they are turned over to our neighbors all over the earth, they are certainly going to be drawn from the Treasury; and that is the wording of the report.

While I compliment the committee for being frank—and I hope Senators will read the rest of the statement, because it makes clear what is intended to be done—I hope Senators will also be equally firm in their insistence that in a far-reaching, long time, huge money matter, so contentious as this has been from year to year, the Congress shall retain from year to year the power to pass upon this program and the power to say whether we shall continue it and in what amount.

I hope the ruling of the Chair will be overruled.

Mr. CARROLL. Mr. President—

The PRESIDING OFFICER. The Senator from Colorado.

Mr. AIKEN. Mr. President—

Mr. CARROLL. I yield to the Senator from Vermont, who has been seeking to be recognized.

Mr. AIKEN. I have some pertinent information to put in the record.

Mr. CARROLL. Would the Senator mind if I first made a short statement?

Mr. AIKEN. No.

Mr. CARROLL. Mr. President, I have had real qualms about the present bill and the 5-year, \$5 billion program proposed by the committee. I am not at all averse to having an appropriation made from year to year. I want that distinctly understood. What I am concerned about is that programs that have existed for 25 to 30 years are jeopardized and within a relatively short debate we will have very able Senators making a hasty argument on a point of order which could affect billions of dollars of such programs. I do not think that is legislating responsibly.

This is why I make a suggestion. It has been made before by the distinguished Senator from Alabama, by the distinguished Senator from Arkansas, and by the distinguished Senator from Indiana. Let the resolution of the matter before us go to the Committee on Rules and Administration. Does anyone doubt, if the point of order is sustained this evening, it will affect housing and other legislation which has been enacted in the past 20 or 25 years? If the point of order is to be sustained, it should be made to apply across the board, and it should be done intelligently.

I make this as a last suggestion: If the Senate sustains the ruling of the Chair, there is nothing to prevent the Senate from later moving to protect the principle involved, if the Senate so desires.

Mr. President, may we have order? It is disconcerting to have so much conversation going on. I would like at least to be able to reflect on my own thoughts.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CARROLL. The point I want to make is that it will be highly unwise for the Senate to take hasty and ill-advised action on a totally new subject which might have an injurious effect on legislation which has been in existence for 25 years. There have been two or three legal opinions expressed, and I respect the opinions, but they are impromptu opinions. No precedents have been cited. Nobody knows how deeply such action would affect other appropriations.

With all due deference to the distinguished Senators who have spoken on the matter, I think they do not know fully at this hour the extent to which other appropriations would be affected. I think I can make that statement with some confidence of accuracy no matter how persuasive their arguments may sound.

Let us assume the Senate sustains the Chair and proceeds from that point. Presumably the Dirksen amendment will then be considered. If it is not, the Senate will proceed with the bill. In the meantime, a proper resolution on this subject could be considered by the Rules and Administration Committee. No harm would be done, because the program does not really become effective for a year. What we are talking about is a loan program, which is completely controllable. In the argument of the Senator from South Dakota, it is true he was not interpreting the Constitution, but he was interpreting the constitutional definition of what is meant by an appropriation. The senior Senator from Colorado, Mr. ALLOTT, stated that the mutual security program is within rule XVI. What is there to worry about? Let us not have any hasty action at this time.



Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. HOLLAND. Having in mind the constitutional words that no money shall be drawn from the Treasury but in consequence of appropriations made by law, does the Senator contend the \$5 billion which could be taken out of the Treasury and loaned under this measure would not be drawn from the Treasury?

Mr. CARROLL. The junior Senator from Colorado contends this is an issue which should be discussed in the Committee on Rules and Administration, and not tried to be passed on in the Senate in a few minutes, in an atmosphere of first impression. I could very easily agree that if I were rendering a quick interpretation, an off-the-cuff opinion, I might agree that the distinguished Senator from Florida is correct; but this is not the way to legislate, in my opinion, on so serious a question with such far-reaching, historical implications.

Mr. President, I yield the floor.

Mr. AIKEN. Mr. President, it is my understanding that if the decision of the Chair is overruled by the Senate, in effect we shall have decided that borrowings from the Treasury which are made without authorization in an appropriation bill are not legal, or at least we shall have cast serious doubt upon their legality.

Mr. President, I should like to read into the RECORD a list of borrowings from the Treasury which have been made by various agencies, and then comment very briefly.

The Commodity Credit Corporation owes the Treasury \$13,730 million.

The Rural Electrification Administration owes \$2,962 million.

The Farmers Home Administration owes \$403 million.

The Export-Import Bank of Washington owes \$1,888 million.

The Housing and Home Finance Agency owes \$2,819 million.

The International Cooperation Administration owes \$1,172 million.

The Reconstruction Finance Corporation, of course, is liquidated now, but it borrowed untold billions of dollars.

The St. Lawrence Seaway Development Corporation owes the Treasury \$112 million.

The Veterans' Administration, direct loan program, owes \$930 million.

The Defense Material Service of the GSA, for strategic materials stockpiling, owes \$1,937 million.

The U.S. Information Agency, for Informational Media Guarantees; the Department of the Army, for the Natural Fibers Revolving Fund; the Small Business Administration; and the Department of Commerce, Maritime Administration, for the Federal Ship Mortgage Insurance Fund owe approximately \$21 million.

The Tennessee Valley Authority has been financed through borrowings from the Treasury, although the bond-issuing authority has now been withdrawn except as it relates to retiring old bonds.

Besides those investments by the Treasury, the Treasury now holds securities amounting to \$258 million in the Bank for Cooperatives; \$699 million in the Federal Home Loan Bank; \$1,206 million in the Federal Intermediate Credit Bank; \$1,792 million in Federal land banks; \$1,947 million in the Federal National Mortgage Association.

That makes in all, for notes and other securities held, about \$31,800 million. Some of these borrowings were authorized through the Appropriations Committee and others were not.

It is my understanding that the Housing and Home Finance Agency, which owes the Treasury \$2,819 million, did not have its borrowings authorized by the Appropriations Committee; that the Veterans' Administration direct loan program, \$930 million, was

not authorized by the Appropriations Committee; and, furthermore, that by this very law on which we are working there have already been guaranteed private investments abroad amounting to \$500 million, almost the last dollar of which has been committed, and that there is authorization for \$500 million more in the bill which we are considering.

If there are losses on those private investments abroad, the insurance must be paid first through the premiums on hand, which amount to the grand sum of \$4 million, and beyond that they will be paid by notes given by the Director of the ICA to the Treasury.

Those are three items—the Housing and Home Finance Agency, the Veterans' Administration direct loan program, and the guarantee of private investments abroad—which I feel would be seriously jeopardized by overruling the decision of the Chair at this time.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. CASE of South Dakota. I think the Senator overlooks the fact that all of those things have been done by law. I do not think we would impair the validity of any law which has been passed.

Mr. AIKEN. No.

Mr. CASE of South Dakota. Even though the money has been taken from the Treasury by this device, if it was done as the result of a law, it conforms to the constitutional provisions.

Mr. AIKEN. I believe two of our colleagues on the floor have been quoting from the rules of the Senate to the effect that unless the authorizations went through the Appropriations Committee they would not be legal.

Mr. CASE of South Dakota. No.

Mr. AIKEN. That is my understanding.

Mr. CASE of South Dakota. The Senator misses the point. We have not contended those actions were not legal. This would be legal if Congress did it, and the bill became a law.

Mr. AIKEN. And we made the appropriation. Yes, indeed; I agree.

Mr. CASE of South Dakota. Either way. If Congress passes the law, it will be drawing the money from the Treasury by law. It is the contention of the Senator from South Dakota that since it is an appropriation it should be handled under the rules of the Senate pertaining to appropriations.

Mr. AIKEN. If the contention of those who are opposed to the provisions of the bill is correct, then the Housing and Home Finance Agency, the Veterans' Administration, and the program of guarantees for private investments abroad have all been illegal programs up to this point.

Mr. CASE of South Dakota. Those are not illegal. They have been authorized by law.

Mr. AIKEN. They did not go through the Appropriations Committee.

Mr. CASE of South Dakota. But that is not the point. It is not a question of whether these things are legal. If the point of order was not made when the law was passed, then they are legal.

Mr. AIKEN. Let us consider the REA. The Comptroller General has already driven one spike into the coffin of the REA. Do we want to drive another one? I expect some do, but I do not.

Mr. CASE of South Dakota. No. As a matter of fact, most REA funds have come as a result of appropriations, and there has been an authorization to make appropriations.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. KEATING. It seems to me that perhaps there is confusion over the fact that this would not have any effect on legislation already on the statute books.

Mr. LAUSCHE. Mr. President, will the Senator please speak a little louder.

Mr. KEATING. Clearly, if we were to overrule the decision of the Chair it would have no effect whatsoever on legislation now on the statute books. I think it would mean, as for the future, that such a method of what one perhaps might call back-door financing would not be permitted, and that hereafter such appropriations would have to go through the Appropriations Committee. This certainly would have not an effect on anything already in the law.

Mr. AIKEN. Mr. President, I will say that the Comptroller General has questioned the legality of loans to the REA cooperatives 18 years after the bill which purported to authorize such loans was passed. If the Comptroller General can do that with regard to the REA, certainly it would put other agencies in equal jeopardy if we take this action and overrule the decision of the Chair.

There may be more opposition to the REA in some quarters than there is to some of the other agencies, but I do not see how we can question the legality with respect to one agency and not with respect to the others.

I think we should really know what we are doing. I do not know how many agencies, in addition to the three I have mentioned, have obtained their borrowing authority outside the Appropriations Committee. There may be others. These three have been called to my attention while I have been on the floor.

Mr. President, if there is no more discussion on this matter, in order to simplify the vote, I move to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair.

Several Senators addressed the Chair.

Mr. CASE of South Dakota. Mr. President, a point of order.

Is an appeal from the ruling of the Chair subject to a motion to lay on the table?

The PRESIDING OFFICER. An appeal from the ruling of the Chair is subject to a motion to lay on the table; and, therefore, the motion of the Senator from Vermont is in order.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The motion to table is not debatable. The Chair will entertain a parliamentary inquiry. The Senator will state it.

Mr. LAUSCHE. Does the order for the yeas and nays vote applying to the appeal of the Senator from South Dakota apply to the motion of the Senator from Vermont?

Mr. AIKEN. Mr. President, in case it does not, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont to lay on the table the appeal of the Senator from South Dakota from the ruling of the Chair. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. AIKEN voted in the affirmative and Mr. ALLOTT voted in the negative when their names were called.

Mr. THURMOND. Mr. President, I wonder if the Presiding Officer will clearly state the question. As I understand the situation, a vote "yea" is a vote to sustain the ruling made by the Presiding Officer; and a vote "nay" is a vote to sustain the position of the Senator from Georgia, Mr. RUSSELL, and the Senator from South Dakota, Mr. CASE, to overrule the decision of the Chair. Is that correct?

The PRESIDING OFFICER. Essentially it is correct. The Senator from South Carolina



makes inquiry as to the effect of a vote on the motion to table. If the vote is "yea" and the motion to table is agreed to, then the whole question of appealing from the ruling of the Chair will be laid on the table, and the Senate will proceed to consideration of the amendment to the bill.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. The Senator from Ohio.

Mr. LAUSCHE. This may be repetitious, but do I correctly understand we are not now voting on the appeal from the ruling of the Chair, but are voting on a motion to table?

The PRESIDING OFFICER. The Senator is correct. The vote is on the motion to table the appeal from the ruling of the Chair.

Mr. CLARK. A parliamentary inquiry, Mr. President.

Mr. FULBRIGHT. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The Senator from Pennsylvania will state his parliamentary inquiry.

Mr. CLARK. A vote "yea" on the motion to table is a vote in opposition to the point of order is it not?

The PRESIDING OFFICER. In effect that is correct.

The clerk will resume the call of the roll.

The Chief Clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico, Mr. Chavez, the Senator from Rhode Island, Mr. Green, and the Senator from Montana, Mr. Murray, are absent on official business.

I also announce that the Senator from Wyoming, Mr. O'Mahoney, is absent because of illness.

The Senator from Tennessee, Mr. GORE, is absent on official business attending the nuclear test suspension conference in Geneva, Switzerland.

On this vote, the Senator from New Mexico, Mr. CHAVEZ, is paired with the Senator from Rhode Island, Mr. Green. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Rhode Island would vote "yea."

On this vote, the Senator from Connecticut, Mr. BUSH, is paired with the Senator from Montana, Mr. Murray. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah, Mr. BENNETT, and the Senator from Iowa, Mr. HICKENLOOPER, are absent on official business of the Joint Committee on Atomic Energy.

The Senator from Connecticut, Mr. BUSH, is necessarily absent.

If present and voting, the Senator from Utah, Mr. BENNETT, would vote "nay."

On this vote, the Senator from Connecticut, Mr. BUSH, is paired with the Senator from Montana, Mr. Murray. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Montana would vote "yea."

The results was announced—yeas 42, nays 48, as follows:

Yeas, 42: Aiken, Anderson, Bartlett, Cannon, Capehart, Carlson, Carroll, Case of New Jersey, Church, Clark, Cooper, Dodd, Douglas, Engle, Fulbright, Hart, Hartke, Hennings, Humphrey, Jackson, Javits, Johnson of Texas, Kefauver, Kennedy, Kerr, McCarthy, McGee, McNamara, Magnuson, Mansfield, Morse, Moss, Muskie, Neuberger, Prouty, Proxmire, Randolph, Sparkman, Symington, Williams of New Jersey, Yarborough, Young of Ohio.

Nays, 48: Allott, Beall, Bible, Bridges, Butler, Byrd of Virginia, Byrd of West Virginia, Case of South Dakota, Cotton, Curtis, Dirksen, Dworshak, Eastland, Ellender, Ervin, Frear, Goldwater, Gruening, Hayden, Hill, Holland, Hruska, Johnston of South Carolina, Jordan, Keating, Kuchel, Langer, Lausche, Long, McClellan, Martin, Monroney, Morton,

Mundt, Pastore, Robertson, Russell, Saltonstall, Schoepel, Scott, Smathers, Smith, Stennis, Talmadge, Thurmond, Wiley, Williams of Delaware, Young of North Dakota.

Not voting, 8: Bennett, Bush, Chavez, Gore, Green, Hickenlooper, Murray, O'Mahoney.

So Mr. AIKEN's motion to lay on the table the appeal by Mr. CASE of South Dakota from the ruling of the Chair was rejected.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate? On this question the yeas and nays have been ordered.

Mr. COTTON. Mr. President—

Mr. BYRD of Virginia. Mr. President, I yield 1 minute to the Senator from New Hampshire.

Mr. COTTON. Mr. President, on August 3—a little more than 1 week ago—as part of a regular report which I wrote to my constituents, I stated, in brief form, my reasons for supporting the Byrd amendment.

Because of the shortness of the time available, I ask unanimous consent that an excerpt from that report be printed at this point in the RECORD, as a statement by me.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR COTTON OF NEW HAMPSHIRE

Now comes the last of the major requests of the President—foreign aid. Resistance to this program has been building up, but the impact of the Berlin crisis may break it down and give the President what he wants. The main point in controversy is not the amount the President is requesting for the coming year but the authority he seeks to take billions direct from the Treasury over the next 5 years without any control by the Congress—a long-term \$9 billion blank check. Twice during the Eisenhower administration similar carte blanche authority was proposed, but Congress refused. I have just reread the report I wrote you 2 years ago (July 1959). This is what I said:

"Now, for the 13th successive year I must touch on foreign aid. (It started as the Marshall plan my first year in Congress.) Almost anything you might say about foreign aid is true. It has done sensible things and it has done foolish things. It has spent money wisely and it has spent it wastefully. It has made us friends abroad and it has lost us friends abroad. Reasonable men may argue that no price is too high for peace and security and the program must continue in full force, or even be expanded. Others can advance logical reasons why it is sheer waste and should be ended. Neither view is correct. The truth lies in between.

"Certainly we can't abandon South Korea or forsake Formosa. The Chinese Reds would spill into the Pacific, engulf Japan and the Philippines, and be at our very doors. Should we cancel aid to Turkey and Iran, the Soviets could grab the oil pool of the Middle East. Up would go the cost of the oil that heats your home, operates your factory, or runs your automobile.

"These are old and oft-repeated points, but this year we found ourselves up against a brandnew issue in foreign aid. That was the question of a built-in program. For 13 years I have been a staunch supporter of mutual security, although I have helped to prune its more lavish expenditures, but this year I was among those who took the floor, spoke and fought against this new concept of a permanent program. It would authorize billions of dollars, years in advance, wholly in the hands of the executive, without the need of coming back to Congress each year. The supreme function of your Congress is

to watch expenditures year by year, to weigh them, to pare them, to eliminate them when possible. Once we surrender that function, there is no longer need of a Congress. We would have an American version of totalitarianism."

This year I support a reasonable foreign aid program now just as I did in 1959. Indeed, in this time of stress the moral effect alone would be disastrous if Congress rebuffed the President and destroyed the program. But I shall fight against this blanket authority now as I did then. Foreign aid should not be allowed to run uncontrolled, and Congress should not abdicate its duty to scrutinize and appropriate every dollar every year. That is why I shall vote for the Byrd amendment.

Mr. FULBRIGHT. Mr. President, I yield 10 minutes to the Senator from Missouri [Mr. LONG].

The PRESIDING OFFICER. The Senator from Missouri is recognized for 10 minutes.

Mr. LONG of Missouri. Mr. President, during the past few months I have received considerable mail from the people of Missouri concerning the bill which is presently before the Senate. Many of these letters have in effect said, stop this ridiculous foreign aid—stop this giveaway—stop pouring our tax dollars down foreign ratholes. In fact, some have even included more descriptive language.

On the other hand, I have received many letters urging that I give wholehearted support to the President's recommendations.

Before I came to the Senate, I followed our foreign aid programs, keeping reasonably informed as to how much we were spending, and where. In general, I always believed that such programs were wise and necessary. But now, the responsibility is on me, as a representative of the people, to reach a decision and cast my vote on a program which will cost billions of dollars.

Needless to say, I have spent considerable time during the past few weeks reappraising my views. I have asked myself why some people so violently oppose these expenditures, and even more so, why some urge that billions of dollars be spent to help those overseas. I have asked myself whether it is necessary to spend these billions, and if it is, how we should do it.

When we look around us at the world of the sixties, we find a vastly different one than we knew even 15 or 20 years ago. Hundreds of millions of people in Asia, Africa, and Latin America are actively seeking a better life. They are intent on throwing off the yoke of oppression, whether it be political or economic. The people of the underdeveloped nations of the world are conscious of the standard of living enjoyed by the people of the industrialized nations. They desire an opportunity to establish for themselves a life free from disease, ignorance, hunger, and the other miseries of the very poor. They are determined to progress. How their energy and determination are channeled depends greatly on our action here, in the Congress.

Certainly, we cannot turn our backs on these people, for if we do, this energy and determination may bring chaos to the underdeveloped nations, paving the



way for Communist demagogues to take control.

However, we do have alternatives before us. The first is to continue a foreign-aid program such as we have conducted to help underdeveloped nations in the past—a program based on annual authorizations and appropriations. Under such a development program, we would continue to be limited to the fiscal year in committing ourselves to provide aid. Emphasis could not effectively be put on the overall, long-term development of the recipient nation. We would continue to proceed on a project-by-project basis. We would continue to rush approval of projects toward the end of the year, so the appropriated funds would be committed, thus preventing their loss.

As another alternative, we can adopt a development program of long-term authorization accompanied by annual appropriations and carryover. Under such a program we could place more emphasis on long-term development, but we would still be limited to a project-by-project determination, because there would always be the question: If we commit ourselves beyond the fiscal year, will the funds be there? We would still be severely limited in our ability to plan effectively beyond the fiscal year.

The third alternative is a development program such as recommended by the President and reported by the committee, a program providing long-term authorization financed by Treasury borrowing. Under this program, we could commit ourselves to a program of projects within a long-term development program to be undertaken by the recipient nation. We could say without hesitation to the underdeveloped nation, if you carry out your responsibilities under this program, we can give you the following assistance over the next few years.

To me, the last alternative is by far the best. It would allow us to make the most effective and efficient use of our foreign-aid dollars. It would tend to eliminate many of the present shortcomings of our foreign-aid program. The removal of the rigid annual appropriation financing method would allow us to proceed in a more businesslike manner. We should see the end of the highways that run from A to B, then on to nowhere—highways that benefit the country, but for which it is not ready. We should see the end of the hastily approved project which really is not worth the expenditure, for there would no longer be any need to race the clock so as to give approval before the end of the fiscal year.

Certainly, the second alternative would accomplish many of the above results. It would allow long-term commitments, subject of course to future appropriations, and would allow a far better coordination of aid with the progress of development, but there is one serious drawback to this alternative.

The job which lies ahead of us will not be easy. The demands we will make on the underdeveloped nations will be many. Our approach will be, if the recipient nation is serious in its desire to

move forward, we stand ready to help. If the recipient nation is ready to take the steps necessary to be a real participant in the 20th century, we will give them a helping hand.

However, the overriding burden is theirs. We will demand that they make the necessary social and economic reforms to insure that the poor and the miserable share in the development. We will insist that our aid benefit those who have suffered so long from a lack of adequate food, housing, medical care, and education. We will demand that tax reforms be made so that those people of the recipient nation who can afford it will carry their burden of the development.

If we are to demand these things, if we are to expect these nations to undertake the peaceful revolution which is necessary to accomplish the job, we must be able to lay out cold, without reservation, where we can and will be of assistance. We must be able to commit ourselves to loans at this point, and at that point throughout their long term development program.

The underdeveloped nations are financially unable to carry out these programs alone, and for them to begin a program with the possibility of no capital to complete it at some point along the way would be impossible.

Therefore, I am firmly convinced that the Treasury borrowing method is necessary. With such a program, we can certainly go a long way in making the sixties truly a decade of progress.

Mr. President, some opponents of foreign aid have continuously proclaimed we should put a stop to this program because you cannot buy friends.

Certainly a truer word was never spoken, than you cannot buy friends. If this were the purpose of this legislation, it would not be worth the money we spend. If we were attempting to buy friends, I would oppose this bill as strongly as I now support it.

However, this is not the purpose. The purpose of this legislation is to help attain a better way of life for many millions of people. The purpose is to help other nations develop into full partners in the family of nations. We want these things to be accomplished in an open society. We believe that the underdeveloped nations can accomplish these goals as open societies, and we further believe that they desire to do so. If we are correct in our belief, and if we do what is necessary to be of help, then these nations and their people will be our friends, not because we provided assistance, but because we all share common goals and common aims. We shall have their friendship because we are working together for a better world.

Our friendship with our European allies is certainly not based on the financial assistance we gave them under the Marshall plan. Rather, it is based on the common goals that we share. What the Marshall plan accomplished was to help put our allies on their feet so they now can participate as full partners in the efforts of the Western World.

The bill before the Senate recognizes the danger of interpreting our program as an attempt to buy friends. To offset

any such inference, the bill places the greatest emphasis on loans—hard loans which will require dollar repayment. The terms may be soft but there must be returned at least \$1 for every dollar borrowed.

True, the bill does provide for some grants, but they are only for those instances where special circumstances exist, circumstances where development loans would not or could not do the job.

Mr. President, at this time, we cannot foresee what lies ahead. But this we do know. Our Nation will do all in its power to prevent war while strictly adhering to our principles of freedom. If war comes, it will probably be because some nation has underestimated the determination of the free world.

However, I do not believe that in the final analysis, this will happen, for under the leadership of our President, our course has been made clear.

Therefore, the world picture in the years ahead will probably be determined by political ideas and economic weapons. If the nations of Latin America, Africa, and Asia find that their futures can be realized as free societies, this will undoubtedly be their course. However, unless development is obtained as a free society, they may turn to the closed society of communism, and the leadership of the Soviet Union as the only method.

Again, I would say there is no question in my mind but that these nations can accomplish their goals in an open society, regardless of their history, traditions, political and social institutions, and culture.

Mr. President, the point has often been raised that our problems in assisting the underdeveloped nations have been caused because we did not know enough about these countries, their people, and their institutions. However, I would join forces with those who take exception to this point. It is not that we do not know enough, for we have stacks and stacks of information and facts. What has been missing is understanding. We tend to analyze our facts on the basis of Western concepts and thinking. We fail to consider that the approach of the African, Asian, and South American and his thinking may be considerably different than our own. We too often fail to comprehend the effect of their religion, culture, traditions, and history on their attitudes and desires. Because of our concentration on the struggle with the Soviet Union, we often cannot understand why many of these nations desire to remain neutral, expressing the position that neither of the two world camps is always right or always wrong.

That one of these nations may accept aid from the Soviet Union, and that it may side with Russia in the U.N. does not necessarily mean it is anti-West. What it often means is that the nation is struggling to exist as a nation and acts in accordance with what it believes best protects its own independence. Maybe they are wrong, maybe we are sometimes wrong, but we vote according to what we believe is in the best interest of our Nation. The underdeveloped nations are struggling to retain their independ-



ence and right to self-determination. It is definitely in the interest of our Nation to put forth every effort to see these nations develop as open societies, and not closed ones. When the showdown comes, friendship will be determined by common goals and common experiences. The torch of freedom was lifted high up by the Thirteen American Colonies. We cannot afford not to give the necessary assistance to those nations who have only recently taken hold of that torch. Also, we can no longer afford not to help those who have been held down by economic as well as political dominance.

Mr. President, the pending bill, in my opinion, is necessary to the future of our Nation and the world we all hope for. While failure to approve this bill as reported may not preclude the realization of this goal, it certainly will postpone its accomplishment.

Mr. FULBRIGHT. Mr. President, I yield 15 minutes to the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Mr. President, one thing I think this debate has shown—and I think it is very well known—that I am against the Byrd amendment. Much as I love HARRY BYRD—which is a fact, as he knows—my opinion is that the appellation “back-door financing” is a fiction. It seems to me that, if anything, what is proposed is business financing. I ask any businessman, or banker, or lawyer in this Chamber who has represented businessmen or bankers, what he would say if he were an official or attorney of a corporation or director of a bank if the company he represented were getting only a 1-year lending authority. He would say it was a restriction which doomed the enterprise to defeat, and he would immediately try to overturn that decision. I think the appellation “back-door financing” which gives an impression that, in the dark of night, after the bank is closed, we are going to try to go through the back door in order to help ourselves to money illegally, has certainly been exploded by the debate, because, in open daylight, after hours and days of debate, the Senate will soon vote yes or no on this issue.

The Senate having voted with its eyes open, and with such outstanding experts and distinguished and learned men having taken part in the debate, I think the word “backdoor” ought to be relegated to the ash can. It will no longer be deserving of being a part of this question, after the Senate has debated and thoroughly faced every facet of the issue, as I think we have.

A big issue is also made here of congressional control. I respectfully submit that is the weakest issue with which to oppose what is here sought, because if there is anything wrong with this proposal, it is certainly not the deprivation of congressional control.

I hasten to say that what is meant by congressional control is not control by the House or the Senate. What is meant is control by the Appropriations Committees. Let us get it perfectly straight and clear. That is what we are talking about. The House and the Senate, not in one, but in six ways—and I have detailed them before, and I will do so

again—have complete control over the authority, and, at any stage, at any time, can shut it down.

What is happening is that the control is being transferred to a majority of the Senate and of the House, and is being taken away from a majority of the Appropriations Committee of each House. It seems to me that is a very small price to pay for making the program successful.

It is unique that not all, but almost all, of the Senators who are opposing this provision of the bill are the very same Senators who are saying the foreign aid program is a failure, is wasteful, has not worked out, and is not getting anywhere. If it is not working out—which I think is not an accurate statement—that fact would be attributable to the very inadequacies which this 5-year effort points at.

Let us not forget that President Eisenhower made this proposal, just as President Kennedy is making it now. Why? There are three reasons we must do this, even if we have not done it before.

First, the program is inadequate. It is inadequate in amount. Every student of the subject, from the United Nations up and down, has said that there is not enough capital being devoted to the underdeveloped areas rapidly enough to meet the challenge of communism. Mark the word “rapidly,” because the people in the underdeveloped areas want to get abreast of the civilized world. If an iron collar is put on those people, if their subsistence level is reduced, and, as is being done in Red China, they are driven by the whip and the sword, there may be enough taken out of their backs to bring their level up. But there is no need to do that. We want to see them get credit and advance by retaining their human dignity, rather than by fastening the ways of communism around their neck.

But, Mr. President, we are in a race in time. What is called the revolution, the explosion, going on in the world is attributable to competition in time.

So that is the first reason why we have to do what we can, even though it is inadequate. We have to try to mobilize our resources so that our impact may be concentrated, as we did in wartime, and concentrate in several points what we lack in sums of money.

Second, we are meeting the competition of the Russians in time. The Russians have an aid program comparable to ours.

They are putting out now something over \$1 billion a year. Adding to that Chinese Communist money and the money of their satellites, they come close, in amounts of aid, to what we are doing, except they are not tied to any inhibitions. They can make their commitments, over a period, not only of 5 years, but 10 and 20 years, and even longer.

Third, the progress in the underdeveloped countries—and India is the most remarkable example of them—has now brought them abreast of the capability of absorbing a commitment over a long term.

I wish to repeat that, because it is

very important. The progress in the newly developing countries has now come abreast of receiving and usefully employing a commitment over a long term.

These countries had great difficulty in planning their own development. They lacked technical people. They lacked accessibility to their own populations, with the ideas. They lacked some of the most basic developments needed for any program.

Think of the hundreds and thousands of villages in India alone which had no outlet to any road. I have been in some of those myself. Many Senators have been in some of those. Those villages had no outlets to roads for centuries. Many are only now getting them.

Many countries at long last are now reaching the point where they can plan. This is the third 5-year plan for India. India can now plan, in order to absorb money committed over a substantial period of time. Indeed, many countries are reaching the point of progress in their own development where this is all they need.

For those three reasons this program should be adopted.

First, there is the inadequacy of the program, because we have been unable to mass our means, and we now know we cannot get more means in the United States than, roughly, \$4 billion, so we must mass those means over the 5-year program.

Second, there is the competition of the Communist bloc, which has now reached its apogee, which is now strong, and almost equals our own.

Third, there is the progress and the development for the planning in the developing countries.

All of these together create a new exigency which we did not face before—and it is a new exigency.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield.

Mr. DWORSHAK. The Senator from New York referred to the explosion which is taking place in some of the underdeveloped countries of the globe, countries which the Senator says are entitled to more adequate foreign aid than we have been giving them in the past. I am sure, since the Senator comes from New York, that he has read the Wall Street Journal of yesterday, which carried an article headed “Copper Industry Nationalization Is Asked in Chile.” The industry, 90 percent of which is American owned, may be expropriated.

The question I ask my good friend from New York is whether this is an evidence of gratitude and appreciation on the part of Chile, which received within the past year \$100 million of foreign aid for the rehabilitation of that country following the earthquakes.

Mr. JAVITS. To digress from my main argument for a minute—and I hope my friend will permit me to continue with it, because our time is limited—I do not expect that the foreign aid program will result in having all nations on earth grateful to us or having all nations on earth adopt policies agreeable to me, nor shall we, by voting for



a foreign aid program, deprive ourselves of the right and the opportunity to proceed in every way open to us, as before—diplomatically and propagandawise—in our relationships with all of these countries, in fighting for the things we think are right.

I should rather have Chile free and rebellious, using that term in the same sense as the Senator spoke of Chile, rather than to have Chile in Communist hands and docile so far as communism is concerned. That is really the issue, as I see it.

Mr. President, I now come to my next point, which is in terms of the control of the Congress. I refer to the list of controls we have.

We have the control of the Government Corporation Control Act, which gives to the Appropriations Committee the power, at least on an annual basis, to control the program. At the worst we can get stuck, on that basis, for 1 year, for \$1.8 billion which we are to appropriate on a yearly basis now.

Second, there are reports which are made to the Congress, and under the power of the Congress we can stop the program if there is any paper or any documents which the Executive refuses to give us. We can completely investigate anything we wish to investigate.

Third, there is the Comptroller General, who is operating. There is the Inspector General, who is operating. The General Accounting Office makes most detailed audits.

Finally, and even more important than any of the others, in the concurrent resolution technique. We certainly do not wish to use that technique. We hope we shall not have to use it. We do not wish to make a monkey out of the administration, but we are now talking about power and talking about control. Under the concurrent resolution technique, contained in section 617, we have power and we have control. We can actually vote to do what we wish, with a majority vote of the House and the Senate, and it does not require Presidential concurrence.

Some people have argued the constitutionality of that technique. I put a brief in the RECORD to demonstrate its constitutionality. Quite apart from that, who will contest it? The administration agrees we have that power. It has been put into the bill, and the administration has asked us to pass the bill on that basis. The administration certainly cannot question the fact that we have the power, if we choose to exercise it.

I do not think there is any real question, Mr. President, as to congressional control. The argument with respect to congressional control is employed in order to make us feel squeamish, to make us feel that we are really doing something wrong or really giving up one of the great, fundamental constitutional authorities of the Congress, by not doing what we have done before, which is to keep our hands on the thing every year.

The people who favor the Byrd amendment point out that Congress recently appropriated \$500 million in redemption of a promise made at Bogotá. They point out that Congress, in respect to

the Marshall plan, appropriated annually what it promised in the bill it was going to appropriate. Therefore, it is said, is not the provision in the Byrd amendment—that we are authorizing, though not appropriating—adequate to do all of the things which the administration wishes to do?

The trouble with that approach, Mr. President, is that history has taught us it is completely inadequate. History has not only taught us that, but has also taught every country with which we do business the same.

This is the point. Mr. President, when we made a promise at Bogotá, we passed a resolution making it a specific promise. We promised certain Latin American aid of \$500 million for a certain purpose. We authorized the appropriations for that. We are men of honor. We re-deemed that promise.

I have no doubt that if we passed a resolution with respect to what is going on at Montevideo today we would honor that promise as well. However, that is not what the bill is concerned with. The bill relates to agreements to be made with some 60 or more nations all over the world. No one nation is being made any commitment to itself.

Our record shows there is a difference between the lump-sum authorization and the lump sum appropriation, and this is not very encouraging to those who may wish to depend on our promises. In the years from 1958 to 1961, in response to authorizations—not requests of the administration but authorizations passed by the Congress—of \$2,925 million for the Development Loan Fund, the very thing about which we are talking, we appropriated exactly \$2 billion.

Mr. President, in the fiscal year 1961, which is our latest history, the figures show that on July 24, 1959, we authorized \$1.1 billion. Mr. President, it did not take us very long to cut that figure in half, because on September 2, 1960, we proceeded to cut it right in half. We cut the \$1.1 billion to \$550 million.

I ask Senators, What if you were a country which, for your development plan, was depending upon the fact that the United States was going to appropriate \$1.1 billion?

I ask Senators to suppose that they were the administrator, downtown. Would they dare to parcel out that money in solemn agreements committing the United States on the basis of that authorization, when the record shows that we have cut the authorizations 30 percent, and that we never have waited very long in order to do it? In one case, in 1958, we did that a very short time after we had actually made the authorization.

Mr. President, we come down to the nubbin of the problem, which is this: If we are going to do the business of helping in respect to the development plans of other countries, at the stage in which this whole matter is now, considering the competition of the Communists and considering the progress these countries have made in their planning, we have to be prepared to make long-term commitments, and we cannot—I say this advisedly—we cannot make

these long-term commitments on the basis of the authorization and appropriation technique, because our own record—it is our own record, and we made it—demonstrates that these countries cannot depend upon that, unless they have been made specific promises, in which case we do keep our promises. These are promises made by the Congress and not promises made by some administrator in the State Department. That is all these countries have to depend upon. Unless we in the Congress wish to put the Congress in the position of negotiating all of these deals and committing ourselves to every country or group of countries on the globe with whom we deal, we cannot make the authorization technique good.

Mr. President, we are all on the same side of trying to win the cold war and trying to win it decisively. We know that we cannot play the Russian game in terms of subversion and infiltration and aggression and rocket rattling.

This is not our business. We cannot operate that way. We have a great weapon.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, may I have 1 more minute?

Mr. FULBRIGHT. I yield one additional minute to the Senator from New York.

Mr. JAVITS. We know that we have a great weapon, and that is the power of credit. There is no such thing in the Communist world. They do not know what it means and do not want it. But we have the power of credit. The power of credit can win the cold war if we use it. The whole design of the provision is at long last to mobilize the credit of our country.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. JAVITS. Will the Senator yield me an additional minute?

Mr. FULBRIGHT. When the Senator finishes, I will yield another minute.

Mr. JAVITS. I so deeply believe that even what we are doing here is still not enough, considering what needs to be done in order to win the cold war decisively, that with a whole group of my associates—and I am proud that the Senator from Connecticut [Mr. BUSH] has been especially helpful, with his banking experience, in working with me in drafting the amendment—we have drafted an amendment which would—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. Mr. President, will the Senator yield an additional minute?

Mr. FULBRIGHT. I yield an additional minute.

Mr. JAVITS. Which would give private enterprise participation in an effective way in what is sought to be done under the bill, including the very funds about which we are talking today, on a long-term commitment basis. I send the amendment to the desk for printing under the rule, and call attention to the fact that in addition to the Senator from Connecticut [Mr. BUSH], I am very honored to have as cosponsors the Senator from Kentucky [Mr. COOPER], the Sena-



tor from Maine [Mrs. SMITH], the Senator from Delaware [Mr. Boggs], the Senator from California [Mr. KUCHEL], the Senator from Texas [Mr. TOWER], the Senator from Maryland [Mr. BEALL], the Senator from Iowa [Mr. MILLER], the Senator from New York [Mr. KEATING], and the Senator from Pennsylvania [Mr. SCOTT].

Mr. FULBRIGHT. Mr. President, I yield myself 2 minutes.

I congratulate the Senator from New York on a very incisive speech. I wish to emphasize one point that he made which cannot be made too strongly. If there is any change in the power situation proposed, it is not with regard to the Congress as a whole, but only with regard to the Committee on Appropriations. Theoretically, the committees of the two Houses of Congress are only the agents or servants of each House. But as a practical matter, under the distribution of labor in such large bodies, it has come to be almost an accepted fact, I think, that the committees in the appropriating process have a very unusual power, as demonstrated by the figures the Senator has mentioned.

In 1958, within less than 1 month

after the Congress had authorized an appropriation of \$500 million, the appropriation was reduced to \$300 million, indicating the unusual influence of the Committee on Appropriations on the program. There would be no real serious diminution or any diminution in the power of Congress, which Congress always has in connection with such programs, if any, but it is only with regard to the rather unusual situation as related to Appropriations Committees. I believe the point of the Senator from New York is absolutely sound.

Mr. JAVITS. I thank my colleague.

Mr. FULBRIGHT. I think the point is very little appreciated by Senators.

Mr. JAVITS. Mr. President, will the Senator from Arkansas yield to me so that I may introduce a chart?

Mr. FULBRIGHT. I yield.

Mr. JAVITS. I ask unanimous consent to have printed at this point in the RECORD a table showing a comparison of appropriations made pursuant to Marshall plan authorizations and Development Loan Fund authorizations.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Comparison of appropriations made pursuant to Marshall plan authorizations and Development Loan Fund authorizations*

[In millions]  
MARSHALL PLAN<sup>1</sup>

Fiscal year	Amount authorized	Date and public law	Amount appropriated	Date and public law
1948.....	<sup>2</sup> \$4,300	Apr. 3, 1948; 80-472.....	\$4,000	June 28, 1948; 80-793.
1949-50.....	5,430	Apr. 19, 1949; 81-47.....	4,702	Oct. 6, 1949; 81-327.
1951.....	2,700	June 5, 1950; 81-535.....	2,200	Sept. 6, 1950; 81-759.
Total.....	12,430		10,902	

DEVELOPMENT LOAN FUND<sup>3</sup>

1958.....	\$500	Aug. 14, 1957; 85-141.....	\$300	Sept. 3, 1957; 85-279.
1959.....	625	Aug. 14, 1957; 85-141.....	400	Aug. 28, 1958; 85-853.
1960.....	700	July 24, 1959; 86-108.....	150	May 20, 1959; 86-30.
1961.....	1,100	July 24, 1959; 86-108.....	550	Sept. 28, 1959; 86-383.
			550	Sept. 2, 1960; 86-704.
			50	Mar. 31, 1961; 87-14.
Total.....	2,925		2,000	

<sup>1</sup> Percentage cut: Approximately 12.

<sup>2</sup> Plus \$1,000 borrowing authority.

<sup>3</sup> Percentage cut: Approximately 30.

Mr. JAVITS. Mr. President, I thank the Senator.

Mr. FULBRIGHT. Does the chart which the Senator has asked to be printed in the RECORD include the figures on the Marshall plan?

Mr. JAVITS. Yes.

Mr. FULBRIGHT. Even under the plan the appropriations were cut 12 percent, though it was more of a specific nature, comparable to the \$500 million Bogotá matter. So even under that plan there was a 12-percent decrease.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield 10 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. ELLENDER. Mr. President, will the Senator yield me 1 minute?

Mr. FULBRIGHT. I will yield the Senator from Louisiana 1 minute.

Mr. ELLENDER. I wish to say that when I spoke earlier today, I asked to have printed in the RECORD tables which show that Congress has already appropriated \$2 billion for the Development Loan Fund, but as of June 30, 1961, \$325 million had not yet been obligated. Why is that? I would like to get an answer to that question.

Mr. JAVITS. Mr. President, does the Senator wish to yield to me so that I may answer the question?

Mr. FULBRIGHT. I do not know the point that the Senator has made.

Mr. ALLOTT. Mr. President, I will yield the floor for 1 minute, if I may have the floor at the end of that time.

Mr. ALLOTT. Mr. President, the bill presently under consideration, the Act for International Development of 1961,

more commonly referred to as the foreign-aid bill, represents a continuation of a tradition heretofore established by this country.

I wish at the outset to address myself to this point, and then I shall comment on the remarks of the senior Senator from New York [Mr. JAVITS], whose arguments, in my opinion, have holes in them wide enough to drive a new tank through.

Foreign aid traces its origins back 15 years and more to the early 1940's when countries of the world found themselves facing the challenge of post-war reconstruction. The nature and form of our assistance program has varied from time to time as we developed through UNRRA, the Marshall plan, the Truman doctrine, and the Eisenhower doctrine and now AID. But, the constant factor in all of these programs is the \$90 billion this country has made available to the free and underdeveloped countries of the world, either in the form of loans or grants to date. In return the benefits derived from this largesse are perhaps more often measured in terms of intangibles but the benefits are there nonetheless. I subscribe to the view that foreign aid is, and has been a necessary and vital contribution to the history of freedom. On the other hand, it has caused me grave concern to learn of the abuses in our foreign-aid programs over the years.

I am only too well aware of the fact that in isolated instances unfeasible irrigation projects, costing millions of dollars, are completed only to be abandoned for lack of water; that roads are built only to terminate abruptly halfway to their destination and then abandoned; that roads are built only to be washed out by the first substantial rainfall. It is common knowledge that foreign aid has been a vehicle for delivering a tractor to a farmer too unskilled and untrained for a plow. We have made mistakes, and perhaps unwittingly provided fodder to those who would label us "Ugly Americans." But, if we have erred, if we have miscalculated or overreached ourselves in an effort to help people, perhaps the fault lies with our being overly zealous. We, in America, enjoy the highest standard of living in the world, reached in a free and democratic society, and these same standards, these same principles are the ones we have tried and will continue striving to attain for the free people of the world, who, in the exercise of their own volition, willingly embrace such concepts.

Abuses must not be tolerated, mistakes must be minimized, and it is imperative that our abundant generosity be curbed. We must gear our aid to the capacity of the recipients, rather than our hopes for them. If this program is to merit continuance, it must continue to reflect mounting progress along with diminishing waste. Our aid ambitions have been lofty and this bill is in that tradition.

I have reservations with regard to certain aspects of this bill and they are, in the main, a result of certain excesses which appear unwarranted. But, at this time, I wish to limit myself to a consideration of section 202(a). In



brief, it contains a provision authorizing the President to borrow \$8.787 billion during the course of fiscal 1962 through 1966 for use in the Development Loan Fund. The proposal carries a maximum of \$1.187 billion for fiscal 1962 and \$1.9 billion in each of the four succeeding fiscal years. This procedure represents a continuing departure from established fiscal policy. As a member of the Senate, and as a member of the Appropriations Committee, I cannot permit this "borrowing authority" provision to be considered without addressing myself to it.

I read from article I, section 9, clause 7 of the Constitution of the United States:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

The Honorable Frank Coffin, Managing Director of the Development Loan Fund, was one of the principal administration spokesmen during the committee hearings on the bill. He testified in part on the issue of borrowing authority, on page 200 of the hearings, as follows:

The key log in the whole development lending structure is our request for permission to borrow from the Treasury and to use loan repayments in the total amount of \$8.8 billion over the next half decade. Let me state with some precision what it is we are asking and why. We are asking for a presumptive or *prima facie* authority, not an absolute authority, because this authority is subject to revocation or modification.

Here is the significant part:

It will be a shifting of the burden of proof from the yearly proving of needs, which can never be precisely identified, to putting up to those who would limit or, cancel access to our funds, the burden of proving that the funds are being badly used or not wisely used. \* \* \* This has been called many times back-door financing.

In other words, what he has said is that the burden will be shifted to Congress to prove then that the funds are not being used wisely. I was not elected to the U.S. Senate, and I am not a member of the Committee on Appropriations, to come here and preside over the interment of the responsibilities and duties devolved upon that committee and upon the Congress by the Constitution of the United States. Let us have that point clear.

I have spoken, and described earlier, the abuses practised upon our foreign aid programs in the past. Congress must seize the reins, exercising its function to control the outlay of the vast funds this foreign aid program envisions. This can most suitably be accomplished by an annual review of the projects, both accomplished and contemplated; our role in government must not be abdicated in such an important sphere. Mr. Coffin, enlarging upon the merits of the borrowing authority, states on page 201 of the hearings:

The Congress will have two kinds of control. They will have, first of all, control of knowledge, of assurance that their license is not being abused; and, secondly, they will

have a control in the nature of several kinds of actions that can be taken. \* \* \* In terms of the assurance that the license will not be abused, we have written into the law some of the criteria which have been in before, and have added some new emphasis, criteria which will govern lending.

I am not persuaded, at least judging by past performance, that we can take much comfort in, or gain great assurance, that this license is not being abused. Unfortunately, many facts suggest the contrary.

Here is the crux of the matter: those administering the program conceive of the funds as their money to spend as they see fit.

Mr. Coffin makes a further point in support of the back-door financing approach to foreign aid; namely, we are not dealing with governments geared to an annual appropriations system, and, that reforms we are trying to encourage call for long-range approach. To that, I would simply say that the annual appropriations system has been the mainstay of this Government since its inception and I would encourage others to look with favor upon the idea of adopting it, together with all the other attractive features of our democratic process. Long-range planning is, of course, efficient and effective *modus operandi*, but it should not be implemented with shortsighted financing. As Mr. Coffin indicated in his testimony, the back-door approach would put Members of Congress in an entirely different position. In lieu of the agencies coming before the Appropriations Committees to justify their plans in the traditional sense, plans would be made and adopted, leaving to us the burden of proof—proof that the plans are inadequate or otherwise unpalatable. I oppose this approach and consider it shortsighted from the legislative viewpoint. I prefer the concept contained in the Byrd amendment. Not only do I support the amendment, but urge my colleagues to do likewise. The Byrd amendment accomplishes the objectives sought by the administration by setting forth an authorization over the next 5 years in the amount requested. This is in keeping with sound fiscal policy but at the same time permits the necessary planning to be undertaken. The President can be secure in the knowledge that the amount he deems obligatory for the Development Loan Fund will be available, assuming the proper justification can be shown. Under this amendment an annual review of the program would be made and funds appropriated in accordance with the needs as they are shown. In my judgment, this amendment contains the vital qualification which needs to be applied to the bill.

The Byrd amendment is but one of several which are pending and aimed toward curing the patent defect in the bill as it now stands. In my opinion and with all due respect to the distinguished chairman of the Foreign Relations Committee, the least effective of all is the compromise offered by the Senator from Arkansas. Here is the text of that proposal:

On page 10, after line 3, insert the following:

"SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—In any case in which the amount of a proposed loan under this title exceeds \$10,000,000, such loans shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Committees on Appropriations and Foreign Affairs of the House of Representatives.

The language seems quite clear; and unless I misconstrue it, the proposal falls short of the objective which should be achieved. Before any loan in excess of \$10 million could be made, a report thereof would be made to the respective committees of the House and Senate 30 days in advance. Agreed, the Congress is put on notice of the pending loan and the respective committees are at liberty to inquire into the merits of it. Agreed further, that in the event the respective committees consider the loan unsound, unwise or unwarranted, they are at liberty to make these sentiments known, but to what avail? I dare say the lending agency will likely regard its own judgment in the particular case as controlling and proceed with the loan nevertheless. My point is that we are offered the privilege of protesting without being afforded a remedy.

I therefore urge my colleagues to adopt the Byrd amendment. It affords the necessary restraints without preventing the requisite advance planning.

I do not conceive of the borrowing authority, which virtually assures the President unlimited control over \$8.8 billion, as being necessary to the successful implementation of long-range planning.

Did we come to the Senate to abrogate all of the responsibility with which the Constitution and the people have charged us, and say to the President and the executive branch, "You do it, and perhaps some day we will reclaim the power"? Or did we come here to do our duty? I believe we came here to do our duty.

The Congress is charged with the responsibility for this Nation's purse, and in carrying out this responsibility must adhere to the traditional principles. This administration has sought to diminish the power of Congress; and the bill, in its present form, is just such an example. Earlier this session the administration's farm bill would have given unprecedented power to the Secretary of Agriculture had title I not been severely amended. The wilderness bill, which will undoubtedly be coming up for consideration on this floor in the near future, will serve as another illustration. I urge a sense of caution and serious consideration. Foreign aid is important to the United States and to the world, but section 202(a) must be modified and the Byrd amendment offers just that opportunity. I trust it will be adopted.

Mr. President, I should now like to turn briefly to the arguments advanced by the senior Senator from New York [Mr. JAVITS], a few moments ago.



He said that we cannot engage in a 1-year lending business. Mr. President, foreign aid is not a business. If it were a business there are a number of loans we would never have made. We would not make two-thirds of them repayable in local currency, all over the world.

The Senator argues that those who favor the Byrd amendment generally oppose foreign aid. That is not correct. No man has been a more consistent supporter of foreign aid, or has been more strongly in favor of it, than I have. However, I will not surrender one iota of the responsibilities that we Members of the Senate have and accept this new direction.

The senior Senator from New York says that our rate program is inadequate. He cannot point to an instance in the last 10 years in which Congress has not appropriated substantially all the money asked for in the foreign aid bill or authorized by the foreign aid bill.

He urges and would have us say to the executive department, "You run the entire show, and if we don't like it, we will recall the power."

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD of Virginia. I yield 1 more minute to the Senator from Colorado.

Mr. ALLOTT. Mr. President, I would now like to refer to the recent remarks of the junior Senator from Arkansas [Mr. FULBRIGHT], chairman of the Foreign Relations Committee. He said, in effect, that the Appropriations Committees are separate from Congress. The Appropriations Committee of the Senate or the Appropriations Committee of the House has no power or right that the Senate or the House itself does not confer on the committee. We are not taking anything away from the Appropriations Committee, any more than we are taking it away from any other committee, because that committee exists only as an integral part of the Senate.

I hope that the Members of the Senate will not surrender more and more and more to the executive branch of the Government. If we do so, soon we shall have very little power left to surrender.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ALLOTT. I yield.

Mr. HICKENLOOPER. The Senator said that he has supported foreign aid.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BYRD of Virginia. I yield 1 more minute.

Mr. HICKENLOOPER. The Senator has said that he has supported foreign aid. I take it that the Senator has supported foreign aid; but first, last, and always he wants to support the American constitutional system, ahead of everything else. Is that correct?

Mr. ALLOTT. The Senator has stated the situation in very plain words.

Mr. BYRD of Virginia. Mr. President, I yield 15 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I shall not take much of the time of the Senate this afternoon. This subject has been canvassed on both sides.

I believe it is safe to say that the sum total of the proposal of the amendments of the Senator from Virginia is the question, Does Congress now want to turn over to a board or bureau in the administrative department of the Government its constitutional right of appropriating money from the Treasury, or does it wish to retain that power in the Congress?

We hear a great deal about inefficiency. We hear that the proposed program would make for greater efficiency in the administration of foreign aid. I ask this question: What is the cause of the inefficiency that has been pointed out in our foreign aid program in the past? Is it in the Appropriations Committee of the Senate and the Appropriations Committee of the House? Is it in the appropriating process in Congress, or is the inefficiency in the administration of the program, and things the administrators do? Of course, the inefficiency arises in the administration of the program.

Notwithstanding the fact that Congress has attempted to pay meticulous attention to this program by way of annual appropriations, inefficiency still creeps into the administrative process.

Now it is proposed to take away the checks and balances which the Appropriations Committees and the appropriating function of Congress keep on these programs and turn the operation all over to the administration, not for 1 year, but for 5 years; and instead of appropriating this money as the Constitution provides it must be done, the proponents want to adopt the device which has been used for Government corporations of various kinds operating internally, and adopt the so-called backdoor method of getting money out of the Treasury without the burdens and restraints of going before the Appropriations Committee and having to account meticulously for what they proposed to do and what they have done before they can get the money.

This proposal is a part and parcel of the programs which have been growing with tremendous speed this year. Every major piece of proposed legislation which has come to Congress for passage this year has contained two major propositions: First, increased centralized control in the administrative branch of the Government; second, the expenditure of larger amounts of money at the discretion of the administrator. We have moved with such speed in the last few months along that line that it is frightening. This proposal is a part and parcel, in my judgment, of a system of planned economy for the United States, a system in which the planning will not be done by the representatives of the people, but will be done by some self-styled experts who are not answerable to the electorate, but who are appointive officials, who are administrators, who desire nothing more than to avoid the restraints of having to come before the congressional committees, propose their programs, justify their actions, and get the money for them as a result of such justifications.

We hear much said about the Marshall plan and how successful it was. I

was a member of the Committee on Foreign Relations at the time the Marshall plan was adopted. I have been a member of that committee ever since. The Marshall plan worked very successfully. However, it was not a back-door spending program at all; it was a plan under which the appropriations were made annually as the program progressed successfully abroad.

There is no reason why such a program as the development loan program cannot progress along the same line. There is no reason why the amendment of the Senator from Virginia [Mr. BYRD] would not offer ample opportunity for planning, ample opportunity for justification of the programs, but still keep the appropriating power within the hands of Congress.

Mr. DWORSHAK. Mr. President, will the Senator from Iowa yield for a question?

Mr. HICKENLOOPER. I yield.

Mr. DWORSHAK. The Senator from Iowa is forcefully stating the undesirability of diluting and destroying the constitutional powers of the Committees on Appropriations. The Senator from Iowa has served for many years with distinction as a member of the Committee on Foreign Relations. Would it not be just as logical to propose that when the Committee on Foreign Relations takes action on a bill, then for the succeeding 5 years the committee should abdicate its powers and let the executive department take over completely?

Mr. HICKENLOOPER. That is the trend and general pattern of this type of request.

There is no more reason for granting this request than to permit the Department of the Interior to go to the Treasury for the next 10 years to borrow all the money it wants, within certain authorization limits—to borrow hundreds of millions or a billion or two billion dollars a year for the next 10 years, to do whatever it wishes with it, by way of public works, and come to Congress only once in a while to say, "We have decided to do this, that, and the other; what are you going to do about it?"

Mr. DWORSHAK. Mr. President, will the Senator from Iowa further yield?

Mr. HICKENLOOPER. I yield.

Mr. DWORSHAK. I was about to ask another question, this one concerning the annual appropriation for the public works projects which are under the direction of the Corps of Engineers of the Army. As a member of the Committee on Appropriations, I am familiar with the proposals which are made annually for this purpose. If the precedent which is sought to be established in the bill is set, would it not be logical for the Corps of Engineers, under the present administration, to come to Congress and ask, "Would it not be feasible for the Committees on Appropriations to appropriate money for 5 years, and then take a 4-year recess, go home, and forget worrying about it?"

Mr. HICKENLOOPER. It would be just as logical for the Corps of Engineers to have the right and power to draw from the Treasury for the next 5



years a limited or an unlimited amount of money, to do whatever they pleased by way of construction, to make whatever contracts they wished to make, within their judgment. Then the Committees on Appropriations would have nothing to say about it, and neither would the legislative committees which have charge of the authorizations have anything to say about it.

Mr. President, I will make a prediction. We have learned during the past week of the offer made in Montevideo to join in the providing of \$20 billion for the Inter-American Development Bank over the next 10 years. The United States is not to provide all of that sum; we are to provide more than half of it. The offer has been made. I predict that the administration will come to Congress and ask for borrowing authority, not for 5 years, but for 10 years, on the theory that the program cannot be efficiently operated unless there is unlimited and unhampered jurisdiction over the money; and the Committees on Appropriations will be completely bypassed.

It is proposed in the bill to take \$8.8 billion from the Treasury without meeting the constitutional requirement that no money can be spent from the Treasury except as a result of appropriations. In this proposal, there is to be no appropriation. It is back-door financing. It is a subterfuge. It is usurpation by the administration branch of the constitutional functions of Congress. If we begin to establish such a precedent in connection with international financial operations, I believe it will haunt us from this time forward.

Much has been said to the effect that there has been back-door financing before, in the RFC and the Export-Import Bank. That has been argued on the floor of the Senate. I shall not repeat the arguments. However, there is a vast difference. Those operations are not at all comparable with what is here proposed. A Government corporation operating solely within the United States for ascertainable purposes, under programs which are clear and defined, on a real banking basis, is far different from a farflung WPA operation, operating worldwide, with proposed loans the terms of which we do not know, with the terms of refund undefined, with the power to lend money on practically a giveaway basis, if the Administrator wishes to do so; without his being supervised by Congress; at no interest cost at all, if the Administrator does not wish to charge interest; and on such terms of repayment as may mean that the loan many never be repaid.

Mr. President, this proposal is a precedent which will haunt us if it is adopted. It is only the beginning. If Congress cannot or will not defend its own prerogatives, as they are set forth in the Constitution, then someone else will have to have mercy on the people, because the rights of the people are being given away. Those who have been elected to Congress to preserve those rights under the Constitution will be, in my judgment, abrogating a substantial portion of their responsibility if they give

up the appropriating process and the appropriating rights through such a subterfuge as this.

I know of no program that has been substantially handicapped because it has been necessary to account for its expenditures before the Committees on Appropriation each year. I know of programs in which money has been saved because of the careful check which is made each year when appropriations are requested. I say again that the waste in the international program has not resulted from the action of the Committees on Appropriation. The waste in the program, where it has occurred, has resulted because the administrators have had poor judgment and have sponsored bad programs, and the administration of the programs has suffered. That is where the waste has occurred.

Now it is proposed to extend from 1 year to 5 years the opportunity to make mistakes. During that period the administrative mistakes can be amplified and exaggerated. Congress should be careful to preserve its responsibility for the disposition of the public money. We should be careful, in fulfilling the constitutional mandate, to make certain that the money shall not be spent from the Treasury except upon appropriations.

We should beware of subterfuges which nibble away and erode the rights of the representative body of this Government. We should beware of measures which increase the centralization of power of administrators, even under the guise of so-called efficiency.

But, Mr. President, I maintain that it would not increase the efficiency of this program, it would not increase the efficiency of the operations in various countries of the world. Instead, by extending and by lengthening the period of time in which a check can be made on these operations, an opportunity would be afforded to increase the errors and to exaggerate the mistakes.

But even in addition to that, again I point out that the most ominous feature of this proposal is the provision to bypass the appropriation procedure of the Congress. Some may talk about efficiency if they will. Perhaps on occasion a dictatorship is more efficient, from a certain point of view, for a particular period of time, than a democracy or a republic, which has to have things threshed out by the regular representatives of the people. But the greater the concentration of governmental power in administrative hands, the less the liberty and the freedom of the people.

So, Mr. President—

The PRESIDING OFFICER (Mr. Hickey in the chair). The time yielded to the Senator from Iowa has expired.

Mr. HICKENLOOPER. I should like to have 1 or 2 minutes more, if I may.

Mr. MANSFIELD. Mr. President, on behalf of the opponents of the amendment, I yield 2 more minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa may proceed for 2 additional minutes.

Mr. HICKENLOOPER. Mr. President, if I have to choose between effi-

ciency, on the one hand, and preservation of the rights and the responsibilities of the Congress to the people, on the other, I choose to maintain the responsibilities of the Congress to the people, even at the cost of a little efficiency.

Only in that way can we serve representative government. Only in that way can we keep hold of the responsibility of Congress to make appropriations of the public funds.

Furthermore, Mr. President, the attempt now being made is only the opening gun in a program to bypass the Congress and to increase the centralization of power in the administrative branch of government and to increase the erosion of the power of the legislative branch.

The PRESIDING OFFICER. The additional time yielded to the Senator from Iowa has expired.

Mr. MANSFIELD. Mr. President, I yield 15 minutes to the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 15 minutes.

Mr. COOPER. Mr. President, last Friday, at the beginning of the debate on the foreign-aid bill, I spoke for a short time in support of the bill, and particularly in support of the provisions which would assure a 5-year program, aided by Treasury borrowing, designed to give continuity and maximum effectiveness to our foreign-aid program.

I do not know that there is a great deal more that I can say; but for a number of years I have felt so strongly that these provisions must be adopted by the Congress if our foreign-aid program is to have the chance to succeed, in the attainment of its objective. I shall speak today again, for a short time.

Since 1955, I have been convinced that the system of annual appropriations inhibits the development of a successful foreign-aid program, and if it is continued that it will doom any chance of our foreign-aid program to have maximum effectiveness.

I may say that my position on this matter is not new, nor is it based on some abstract or doctrinaire theory.

I would prefer not to speak on the basis of personal experience; yet, I must say that my views and convictions on these issues began to develop in 1955 and 1956, when I served as the Ambassador of this country to India, and when I had opportunity to see the operation of our foreign-aid program, in a country receiving our aid.

I believe that all of us will agree that if there is any developing country in which our foreign-aid program can succeed, it is a country such as India. That is true, first of all, because India has reached a rather advanced stage of industrial development; India is, after Japan, the most advanced country in Asia in point of industrial development. Further, India has an able corps of civil servants, and a leader. Prime Minister Nehru, who holds the confidence of the people of India; and India's program is designed to help the people of that country advance their standard of living, by providing advances in educa-



tion, health, community development, and agriculture.

We have granted large sums of money to India, and our aid has been helpful to her. Yet I found that even in that favorable environment our aid—large in amount as it was—was not as effective as it should have been. Why was that true, Mr. President? It was because it could not be fitted in the most effective way into her 5-year plan or any long-term plan, because it could not be counted on beyond any current year. India, like all the other developing countries, is determined to have her industrial revolution, and, just as our country and the countries of Western Europe had their industrial revolutions, over a long period of time. This means that these countries must build transportation systems, develop their resources—such as coal and iron ore—build steel plants and chemical plants, and develop machine tools, for, without these, there is no possibility for the production of capital and consumer goods, upon which economic growth, employment, and advancement in living standards depend.

We know that it is impossible to develop and create such industries in our own country in 1 year or 2 years or 3 years. Years and years are required in order to achieve industrial development—and capital must be assured. And yet we expect underdeveloped countries to plan and build on a 1-year basis.

I saw that a country as advanced—as compared to other countries in Asia—as India—when it could not be assured that aid would be forthcoming over the time necessary to develop its industrial projects—then it could not use our aid effectively. When I was there, I saw that our aid was siphoned off and drifted into secondary projects, which people in our foreign-aid agency would develop. Those projects were good, in themselves; but they were not the most important ones. And with the proliferation of projects which ensued, there was—and there will always be—an increase in the number of the personnel required to run secondary projects. I thought then that the number of U.S. personnel engaged in our foreign-aid program in that country was entirely too large—and I am sure there are too many in other countries.

If such a situation—and I saw it—exists in a country such as India, where there are comparatively favorable circumstances for development, a situation that inhibits the most effective use of our aid, of course it exists in less developed countries. And this inhibition, against effective use, is inherent—due to the method of yearly appropriations—when applied to foreign-aid programs, which are long term in their very nature.

The countries of Africa, the Middle East, and even some in Latin America, do not enjoy the most favorable circumstances for economic and industrial development.

I think we forget the overwhelming problems that these countries face. We tend to look at their problems in terms of our own experience. We forget that we experienced our industrial revolu-

tion, just as Great Britain and the countries of Western Europe experienced theirs, over a period of 100 years. In this country we had great potential for advancement because of our resources, and land. We have had the increasing savings of our people, without which capital for investment cannot be formed. We had increasing governmental revenues. Even then, we had to secure loans from Great Britain and other European countries for industrial development.

When we look at the problems of these countries in the light of our own experience, we ought to know there is absolutely no basis for comparison. The average per capita income in many of these countries is less than \$100 a year. The people have no savings, and there is no opportunity for savings—for the formation of capital. The only method for capital formation is through taxes. That is the reason why governmental development is emphasized in these countries, rather than development by private enterprise for it is the only way. But even when these countries levy taxes for capital formation and industrial development capital tools are still required, which they cannot produce, and which must be secured from other countries. The only way these countries can secure capital goods they do not produce, is through a favorable trade balance, or through loans or grants from other countries. That is why our foreign aid program is so important. Development in many of these countries cannot go forward—unless we can help supply goods that cannot be produced in the countries we help. And unless we assist in supplying technical aid in education, agriculture, health, and public administration.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. DWORSHAK. The Senator from Kentucky has been an ardent supporter of foreign aid programs every year. I know he has closely followed the programs to see whether or not they have achieved success or failure. My question is, in the light of developments in South Korea, where we have spent huge sums of money, and in Laos and in other areas where foreign aid has been lavishly expended, does the Senator feel that the apparent failure of such programs is in any way related to the lack of long-range planning?

Mr. COOPER. To be frank, I must say that in the countries where there has been such great waste and failure of the programs, it was the result chiefly of poor administration by the executive branch of the government.

But I believe there would have been less opportunity for waste and failure even in those countries if we had had a system which would have encouraged continuity, where the availability of funds could have been assured, where reasonable plans could have been developed. I think there would have been less opportunity for waste even in those countries than has taken place.

But let us not be carried away from the main point by these examples of

waste, important as they are. There are other countries in the world where the people and governments are struggling with all their might and main to advance. This is a primary political fact in the world today. I believe our program would have been more effective and will be more effective and will enable the countries to advance if we provide continuity and adequate financing over a period of 5 years.

These countries including many in Latin America—have meager resources. All of them must develop two types of programs. One is the program for the development of agriculture, educational opportunities, community development, and, I think very important, public administration. Few of those countries have enough people trained in governmental administration. We need more trained people in the United States. But there is a crying need for trained civil servants in the developing countries.

Even the development of those basic plans of training require time, continuity, and assured financing. Beginning these programs to assure the most basic needs for food, health, clothing, every country is determined to have its industrial revolution—the same type of revolution we had, which has lifted the living standards of our people. It is a political fact in Asia, Africa, the Near East, and it is a political fact in Latin America. These countries cannot have their industrial revolution in the time their people demand except with long-term plans and with the assurance of aid over a period of years. Those countries must manage their meager resources and their limited foreign exchanges over a period of years—at least 5 years. They need the assurance that our aid will be available at least for a period of 5 years. Our program today does not give that assurance.

I was interested, when reading the accounts of the economic conference in Uruguay, that after Mr. Douglas Dillon had presented so ably to the Latin American countries the program for long-term development, Che Guevara, of Cuba, said, "Yes, the Americans promise Latin America again and again, but there is no assurance that the Congress will make good on their promise."

At this point I should like to say to my friend the Senator from Iowa [Mr. HICKENLOOPER] that I do not believe the Marshall plan—which did work well without long-term Treasury borrowing—is analogous to foreign aid programs for the newly independent countries. The Marshall plan was concerned, dealt with countries that had been our allies and friends—countries that knew us well enough to know when the United States makes a moral commitment to provide funds over a period of 4 years, we would do it. Further, we were dealing with countries whose problem was not that of creating industry, but the problem of restoring and redeveloping industry. Those countries had passed through their industrial revolution, and had reached a high level of industrial development before World War II. To compare the Marshall plan with the programs here proposed for countries in Latin America,



Asia, and Africa has no real value. When we deal with Asian and African countries we are dealing with people who do not know us, who have very little knowledge of us, who have some regard for us, but who cannot undertake long-term programs of industrial development, and base their development plans on our aid unless it is actually made available. The only way it can be made available, in my judgment, is through the method of Treasury borrowing, proposed by the committee bill.

Mr. President, I am not on the Appropriations Committee. I do not claim to be an expert upon methods of financing. But I will say, there is no constitutional question involved. If Congress wants to appropriate money by the method of Treasury borrowing, there is nothing unconstitutional or illegal about it, and there is nothing to prevent it from doing so. This is borne out by the fact that since 1933 the Congress has been making money available for various programs by means of Treasury borrowing. Congress has made money available for various programs, such as Public Law 480, to support farm prices and for the transfer of surplus commodities to foreign countries, the export-import program, and other programs, because the Congress liked the programs and because the Congress believed Treasury borrowing was the best way to make them effective. It may be that a point of the opposition to Treasury financing for the foreign aid program, derives from the simple fact that some Members do not like, and oppose any foreign aid program.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, will the Senator yield me 5 more minutes?

Mr. FULBRIGHT. Mr. President, I yield 5 more minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, I submit that the only test which should be applied to the relevancy of Treasury borrowing for the foreign aid program, is whether it will be more effective than the method of year-by-year appropriation. Experience dictates that it will be more effective.

I learned something else in my short experience in India. I had an opportunity to compare our program with the Russian program. I do not say that the Russian program is superior to ours in all respects. Many of our point 4 programs are humane and go to basic needs. But, at present, the Soviet Union's program is superior to ours in the respect that it provides long-term loans of from 12 to 15 years at low interest rates. For this reason the countries take the aid of the Soviet Union because the aid is available at once for their industrial development and is available "now."

We shall not be able to match the Russian program so far as heavy industrial development is concerned unless long-term financing—such as Treasury borrowing—is passed.

Mr. President, I know there is wide opposition to the foreign aid program. It comes from people who believe the program is too costly—and it is costly.

It comes from those who believe the program is wasteful—and it has been wasteful in certain countries. It arises from the remnants of isolationism—for some people believe we ought not to be involved in the affairs of other countries even though we are world leaders and cannot avoid it. And the argument is made, "This money could be spent for our internal development."

I do not consider the last argument a valid argument, because our foreign aid program stands upon its own merits. It is a program to give assistance to countries so they may develop strong economies to help them remain free and independent. As I view it, that is the main foreign policy objective of our foreign aid program, for strong, independent countries are indispensable to a world of security, justice—and I believe—democratic values.

I am not one of those who believe our foreign aid program will save every country from going Communist. Whether a country goes Communist or not will depend on other factors as well as foreign aid. I do know, however, that unless we have an effective foreign aid program for these newly developing countries we will be more likely to lose our association with them.

Our foreign aid program has continued since World War II against all opposition. President Truman, President Eisenhower, and President Kennedy have strongly supported it. I say to my fellow Republicans, we have known no stronger supporter of foreign aid than President Eisenhower.

The PRESIDING OFFICER. The time of the Senator from Kentucky has again expired.

Mr. MANSFIELD. Mr. President, I yield 3 additional minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, we will have a foreign aid program for many years. This being true, I believe we will be derelict to our responsibility if we do not take steps to make it the most effective program possible.

A few minutes ago my good friend from Iowa talked about our obligation to the people. If we wish to save the money of our people, and to achieve our national purpose, we ought to have a system and a program which can be effective. We will not have it under a yearly appropriations approach.

If we are trying to help other countries—and we are—we ought to have a program to suit their needs, one which can be effective and which will give them the best help.

Again, from the standpoint of the objective of our foreign aid policy the objective of helping these countries raise the standards of living of their people, achieve economic stability and remain independent, whether they are neutrals, or whether we are popular with them, then we must have a program which can achieve our objective.

Mr. President, I have felt strongly about this for 6 years. I recommended the program to the Department of State and Secretary of State Dulles in 1956. It is incomprehensible that the United States, with all its experience in private enterprise where this kind of planning

and use of capital, proposed in this bill, is applied, should hang on to the slogan of "back-door financing" and deny the same opportunity for growth and development to other countries, under our foreign aid program. I close by paying my tribute to the chairman of the Foreign Relations Committee for his leadership and statesmanship. And I pay tribute also to the ranking Republican member, Senator WILEY for his courage and leadership.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. COOPER. I yield to my colleague.

Mr. MORTON. I am sure the Senator, with his great experience, recognizes the fact that we must have long-range implementation as well as long-range authorization.

Mr. COOPER. Absolutely, and this is what the Senator said in a fine speech 2 days ago.

Mr. MORTON. No one would run a business on any other basis.

Mr. COOPER. The Senator has been a businessman. The Senator knows that our people do not run their businesses on a 1-year basis, yet we expect other countries, with little wealth and little experience, to run their development programs on a yearly basis.

Mr. MORTON. If the Senator will yield further, I should like to depart from the subject a bit to bring something to his attention which I think will be very dear to his heart, because it concerns one of the neighboring counties to his.

I have learned from the research division of the Republican National Committee that Jackson County, Ky., cast the largest Republican vote of any county in the United States, 90.4 percent. Three thousand nine hundred and twenty-three of the very intelligent people in Jackson County, out of the 4,342 who voted, voted for the Republican candidate. I am sure that pleases the Senator.

Mr. COOPER. It pleases me very much. Jackson County is in my own congressional district—I live only two counties away—and Jackson County is a great Republican county. My district is a mountain district, long isolated, but its people are brave and intelligent people and they have enough sense to know that we do not have a foreign aid program which works effectively. I believe they support the committee amendments.

The PRESIDING OFFICER. The time of the Senator from Kentucky has again expired.

Mr. BYRD of Virginia. Mr. President, I yield 5 minutes to the Senator from Nebraska [Mr. CURTIS].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. CURTIS. Mr. President, within the last few moments it has been said that one cannot run a business without financing of the type provided in section 202. I submit that the business of the U.S. Government has been run for 174 years without the necessity for any such back-door financing.

The issue is not whether one is for or against foreign aid. We are faced with



an issue of whether one is for or against orderly constitutional procedure.

Mr. President, even though it has been printed before, I ask unanimous consent that section 202(a) of the bill before us be printed in the RECORD at this point.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$1,187,000,000, and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be \$1,900,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year. Such notes shall be redeemable at the option of the President before maturity in such manner as may be stipulated in such notes, and shall have such maturity and other terms and conditions as may be determined by the President. Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the United States Government.

Mr. CURTIS. Mr. President, the Constitution provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

True, that has been broadly interpreted, but the fact remains that the spirit of the Constitution calls for the system and procedure of appropriations as we know them through the Appropriations Committees.

Why is it that this system of back-door financing is proposed? Why is it that we are asked to bypass the Congress for 5 long years? Is it because of the necessity for long-range planning? Not at all.

The distinguished Senator from Kentucky pointed out that we had a foreign aid program all of these years in spite of vigorous opposition. That point refutes all the argument that it is necessary that Congress be bypassed if there is to be program of continuity.

Let us look at our domestic programs. Congress keeps faith with the people on long-range flood control programs through the appropriation system. The same may be said of the agriculture program, which affects a great segment of our population.

One may say, "Oh, yes, but those programs are prompted by a domestic group that might apply pressure."

I reply, "How about the defense program? Year after year we provide for the defense of this Republic through the appropriation procedure." Someone might argue that the Constitution should be changed because we might come into a period in which pacifism would prevent the protection of our country, and therefore we could not trust the people or the Congress to provide for the de-

fense. Our entire atomic energy program, military and civilian, has moved forward through the appropriating process. The fact that this claimed bypassing of Congress is necessary for a long-range program is without one scintilla of support so far as any credible evidence is concerned.

Mr. President, why do the proponents want the proposed legislation? Whom do they fear? Do they fear the Appropriations Committee of this body? Do they fear the Appropriations Committee of the House of Representatives?

I submit that they are individuals of intelligence, character, and patriotism, and that they carry out the mandates of Congress and let the public good prevail, even over their personal preferences. Whom do they fear? Are they afraid of the Congress? I think some people are. I do not believe any of my colleagues or Members of the other body are afraid of Congress. But why do the proponents of the plan want a system of obtaining money from the Treasury without going to Congress? Do they fear Congress? Are they afraid of a self-governing constitutional Government such as we have? Why can we not trust this precious system of Government that we have? Whom do the proponents fear? Do they fear the people? Do they fear that the people will rise up and oppose foreign aid?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. Mr. President, will the Senator yield me an additional 3 minutes?

Mr. MANSFIELD. I yield the Senator from Nebraska an additional 3 minutes.

Mr. CURTIS. Even though I have disagreed on foreign aid, I do not think that such an eventuality will occur. After all, are the people sovereign or are they not? If the people of the United States wish to elect a Congress that does not appropriate money for flood control, they have the right to do so.

If the people want to stop appropriations for agriculture or atomic development, they have the right to do so. In America the people are sovereign.

Whom do the proponents of the provision fear? Why do they want to go into back-door financing under the cover of night? Do the proponents of the scheme fear the light of day upon their requests? I say that many of those outside the Government who are pressuring for a bypassing of Congress are some of those, but not all, who are not friends of Congress as an institution. Some of those people, though not all, are not the friends of constitutional government or constitutional liberty, and the self-governing system of the Constitution provided for people.

The Byrd amendment ought to pass. It may not pass, but in any event the rollback on the Byrd amendment will forever stand as a milestone in the struggle for constitutional government and constitutional liberty. Why desert it? Whom do we fear?

I yield back the remainder of my time. Mr. MANSFIELD. Mr. President, I yield 10 minutes to the Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, if the years of Senate experience with proposals for legislation have taught us anything it is that authority is often surrendered for practical purposes although there are assurances that the congressional control remains. The immediate case in point is the Foreign Assistance Act of 1961 with the special Development Loan Fund provisions.

My distinguished colleague from Virginia [Senator BYRD] has offered an amendment to the foreign aid bill (S. 1983) to eliminate provisions for employing back-door financing of the new Development Loan Fund with expenditures from public debt receipts and to substitute instead an "authorization for orderly and unquestionable annual appropriations."

I use the term "back-door financing" advisedly. It is a device all too frequently used to evade the appropriation process.

The amendment would authorize annual appropriations over the span of 5 fiscal years 1962-66; the authorization for appropriated funds in each fiscal year would be in precisely the same amounts as the bill now allows through loans from the Treasury without appropriations.

I support this amendment which would substitute tested and unquestionable appropriation authorization for the same period and in the same amount.

Like the Senator from Virginia [Mr. BYRD], I am unimpressed that review and control would be provided through routine reports to the Congress and application of the Corporation Control Act. In practice, the operation of this act is to provide for theoretical power of the Congress to end or modify a program but the essential and vital annual review provided by Congress in the annual appropriation procedure is not provided.

Simply to set up new processes of borrowing from the Treasury and to enter into long-term programs with foreign countries shows the futility of expecting any real congressional control over the program. The language of the Senate report—page 11—shows this futility. It states in pertinent part:

We can scarcely expect the poorer countries to commit themselves to comprehensive development plans in the absence of reasonable assurances that foreign exchange requirements will be met and that programs undertaken will be supported through completion. The element of continuity is essential to all growth, including economics.

In the face of such language it is idle for the Congress to be assured—as it has been assured—that the legislative control remains as it has in accordance with the provisions of the Government Corporation Control Act. Under this act, long-time operations result in the situation where the only purpose served by coming to the Congress each year is to receive appropriations for administration and not for the substantive part of the program.

Foreign aid is not in the same class as programs in which Congress has, in some cases, given long-term authority for the raising of funds—as in some cases of the operation of the Corporation Control Act.



The situations change too rapidly to put foreign aid in that class.

Theoretically, we could cut off aid at any time even under a long-term program, but the very fact of a long-term commitment might well result in greater aid than would be possible or needed if the program were looked at each year.

For example, materials might be stockpiled early in anticipation of a long-term program and we might find ourselves having supplied the materials with which another Castro could build.

Who can predict that the aid given to one government will not shortly thereafter turn up in the hands of a less friendly or a hostile government—or that the government we support will become unpopular or be overthrown, or as has happened in Korea and other nations.

In the New York Times of July 16, 1961, there is an article entitled "In Iran, a New Group Challenges Us." The gist of the article is that although the United States has poured three-quarters of a billion dollars in economic aid into Iran plus untold military aid, that the middle class we helped create now fights the government we support and wants us to go home.

We could multiply examples of this worldwide, but it all adds up to the lesson that there is no basis for giving blank-check support to long-term programs than there is to believe that the friends of today will be in our corner tomorrow.

Why are we urged to give blanket commitments for long-term spending through the back door—as it has been called and which I will continue to call it. Has there been some laggard, unwillingness on the part of the Congress to finance proposals for economic and military assistance? I think not.

I learned only yesterday that as of June 30, 1961, the United States has furnished \$90.5 billion in economic and military assistance since July 1, 1945. A breakdown shows that \$61.5 billion has gone for economic assistance, \$27.7 billion for military assistance, and \$1.4 billion for technical aid.

Are we to be advised now that \$90.5 billion was spent during this 15-year period, and that those who spent it were unable to get "continuity" out of the programs so that now a long-term blank check must be provided?

It appears to me that blanket authority for anything past 1 year at a time would create a long-term program that would stack bureaucracy on top of bureaucracy and the perpetuation of jobs for those people administering the program.

I cannot see where any substantial benefit will flow from this new method of foreign aid financing. But assuming there will be some benefit, the harm done would far outweigh the benefits. It will be another substantial, continued far-reaching program of unorthodox spending. The combined effect of all these departures will be virtually to destroy the legislative processes.

Further, if we add this method of financing to the vast aid program, how

can we hold the other programs of like financing to reasonable proportions?

Many new programs are being proposed by the Administration, many of which are of great importance but all of which will cost many millions of dollars from the taxpayer.

There is another aspect of this bill which I have not heard discussed but which I should like to mention only briefly in passing.

It has occurred to me in reading the legislation before us that we are turning over some functions to the executive branch of the Government which are the primary responsibility of Congress as provided by the Constitution of the United States.

I refer specifically to the interagency Development Loan Committee to be established by the President according to this bill. A provision of the bill provides that this committee shall establish its own rules, standards, and criteria for the loans it will provide in the years ahead.

To allow this committee to establish such rules, standards, and criteria for lending operations is, in my opinion, diametrically opposed to the principle responsibilities given the Congress itself. The rules, the standards, and the criteria must be established by Congress. It is then the responsibility of the executive department involved and that departments administrators to carry out the programs as set forth by the Congress. To do otherwise, in my opinion would be a derogation of the constitutional principles under which we operate.

Can any statement of purpose in legislation escape the force of these words shifting responsibility from the Congress? I am inclined to think not.

Under basic principles of constitutional law, the province of court is to establish the guidelines and the broad provisions under which the administrative agencies can work. The Congress charts with broad strokes and the administrative agencies then fill in the details in accordance with the overall plan established by the Congress. But if, as in this case, Congress leaves it to the agencies to chart the course and to establish the principles, then Congress has abandoned its prime function of law-making.

No administrator of any Federal agency can constitutionally make the law. The administrator promulgates orders, regulations, and directives which are in pursuance of ordained authority but he must adhere to the broad scheme established by the Congress. In this case, however, the Administrator of the Interagency Development Loan Committee would establish that broad scheme himself.

While congressional power to change the program and rescind the entire action of the committee allegedly remains, morally it would be indefensibly and politically unacceptable to change that which has already been promised another country. Also, Congress would have to take the initiative to change or reverse the actions of the Committee.

All of this adds to the conclusion that, as admitted, congressional power to control programs exists in theory and on

paper as in the case of other programs under the Corporation Control Act.

I support the Byrd amendment.

If we loosely handle and expand this program of aid for others, how can Congress ever refuse the ever-increasing requests for expanding the aid programs at home? I consider the assistance programs to other countries, even though some are meritorious, the chief roadblock to exercising economy in our domestic programs.

Our people are willing to be taxed for the necessary expenditures of the Government but they want and should hold their representatives in the Congress responsible for seeing that sound methods of financing and appropriating of funds are followed. To place this foreign aid program on the all too large list of those which can borrow money rather than come for appropriations each year is to open the door to an expanding era of this costly item without proper accountability to the Congress and without proper accountability of the Congress to the people.

I fully realize that our foreign policy makes necessary a certain amount of military aid and technical assistance. But the amount requested for foreign aid is much too large, especially when there has been no real assurance that the poor management existing in many areas in the past will be corrected. For years I have thought that we are spending far too recklessly and far too much on this program.

Therefore, I am opposing the bill.

I strongly support the Byrd amendment, which would eliminate back-door financing, thus retaining annual congressional control and annual appropriations, which I consider absolutely essential.

Mr. BYRD of Virginia. I yield myself 5 minutes.

Mr. President, there has never been a time in our history when it was more vital to preserve the fiscal integrity and responsibility of this Nation.

For 15 years, at tremendous expense, we have been serving as the policeman, the banker, and the Santa Claus for the free world. Our burdens, worldwide, are increasing.

At home we are steadily increasing the cost of nonessential spending programs—some of them perhaps desirable, but many of them not necessary under the circumstances.

As a result of these dual spending programs—at home and around the world—we are running dangerous deficits on two fronts. There is a budgetary deficit at home, and a deficit in our balance of payments with foreign countries.

The balance of payments deficit has been chronic for 5 years and as a result foreign nations have siphoned off our gold supply at an alarming rate. We have less gold now than we had at the beginning of World War II.

At the same time the direct Federal debt is approaching \$300 billion. And in addition, the Government has underwritten contingent liabilities totaling another \$300 billion in insured and guaranteed obligations.



There was a deficit in the Federal budget of \$4 billion in the year just ended. The deficit in the current year is certain to be \$7 to \$8 billion, and it may run as high as \$10 billion. We are approaching annual budgets of \$100 billion.

Tax rates are close to their alltime high, and the point of diminishing returns has been reached in some areas. Inflation has already driven the value of the dollar down to 46 cents, on the basis of 100-cent dollars on the 1939 index.

Under this bill Congress would abdicate its authority to exercise effective appropriation control over \$8.8 billion, and I submit this would be an act of irresponsibility. This would be an act of irresponsibility.

The principle involved is even more important than the money. In their unchallenged wisdom our forefathers foresaw the necessity of keeping the public purse strings close to the people for the preservation of their freedom.

This is fundamental. The Constitution provides that only Congress has the power to appropriate funds, lay taxes, contract debt, and coin money and regulate its value.

No money can be withdrawn from the Treasury, but in consequence of appropriations made by law. And revenue measures must originate in the House of Representatives where Members must submit themselves for reelection by the people every 2 years.

Revenue measures, required to originate in the House, are interpreted to include appropriation bills. Here is a bill for \$8.8 billion in expenditures, all outside the country, and all provided outside of the appropriation process.

This procedure does not keep faith with the fundamental of holding the public purse strings as close as possible to control by the people, and there is no adequate justification for the proposal.

There never has been a time when we need more strictly to adhere to the principles of our form of government which was designed to keep us free, and this applies to all three of the separate, independent, coordinate, branches of the Government at Washington.

We are faced with a long struggle, and it is the United States which is, and has been, holding up the free world. Our cause is not served by sacrifice of freedom at home, and the struggle can not be won in insolvency.

If the American dollar goes down there will be no international currency worthy of confidence. Money is no problem to Russia. All she has to do is print it. It is not acceptable in foreign trade.

It has been my conviction for some time that Khrushchev plans to weaken and destroy us from within. In doing so his objective of world domination would be achieved.

The amendment now pending simply would require annual appropriations under a 5-year authorization, but the vote on it will be vital. It involves more than the \$8.8 billion immediately under consideration. If the provisions in the bill are not changed, they will set an ir-

responsible precedent for financing foreign aid through the back-door in the future.

I have an intense desire to preserve the integrity of the appropriations procedure as a keystone in fiscal responsibility. I hope the amendment will be adopted.

Mr. President, do I have any time remaining?

The PRESIDING OFFICER. The Senator from Virginia has 2 minutes remaining.

Mr. BYRD of Virginia. I yield 1 minute to the Senator from Vermont.

Mr. AIKEN. Mr. President, if the time has come when it seems desirable to transfer part of the power of the Congress to the Presidency, then let us make this transfer openly and on its merits.

Congress has the right to cede its responsibility, but we should not do so in the name of foreign-aid legislation. Back-door financing is bad enough, but back-door legislation is inexcusable.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for it be not taken out of the time for debate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. I yield 10 minutes to the senior Senator from Oklahoma.

Mr. KERR. Mr. President, I will vote against the pending amendment. I do so only after long and serious consideration.

Although I generally supported the previous administration in all foreign relations matters, I have for many years voted against the foreign aid economic program operated by this Government. I have done so for a number of reasons, among which are these:

First, I have felt that these programs have not been administered economically, effectively or wisely.

Second, I have voted against them because they were being advocated by an administration which favored the providing of economic aid to foreign countries for programs to develop their economy, the operation of which was not adequately controlled by the Congress.

At the same time, that administration opposed effective programs of resource conservation and economic development for our own States, even though they have always been handled under a system of effective congressional controls.

Third, I did not support the foreign aid program because the dollars spent in the administration of this program could and usually did become claims against our gold reserves.

Mr. President, the environment today is vastly different. We have an administration which is cooperating effectively in providing the necessary funds to speed up existing programs, and initiate new

ones to accelerate the resource development and conservation programs so necessary for the economic progress and growth within our own States.

The bill before us contains a provision which will to a great extent, perhaps entirely, prevent dollars provided for foreign economic aid from becoming claims against our gold reserve.

Then, too, of equal importance, we have the most explicit assurances from the President of the United States that the foreign aid program recommended by him would be reorganized, more efficiently operated and more carefully geared to increasing the strength of nations which with their citizens are most likely to effectively cooperate in a stronger common stand against the encroachment of communism.

Even now, a great conference is taking place at Punta Del Este where our representatives may be taking advantage of the last clear chance available to this Government to do all within our power to help prevent the spread of Castroism in Central and South America; to halt the insidious spawning of new Communist beachheads in this hemisphere. Our President tells us that this foreign aid program will help him to take advantage of this last clear chance.

Therefore, because of my deep conviction that the most important responsibility of our President in the field of foreign affairs is to do all possible, and in a manner which I believe can be successful, to stop the spread of communism, especially in the Western Hemisphere, I shall vote for the foreign aid bill.

In that regard the Chief Executive has advised Congress that his ability to make this program the most effective will depend upon keeping in the bill the authority which would be stripped from it by the pending amendment.

There is no Member of the Senate for whom I have higher respect or deeper affection than the great senior Senator from Virginia [Mr. BYRD], the chairman of the Committee on Finance, on which committee I have had the honor to serve for 11 years. Because of my profound respect for him, I follow his leadership much of the time. His advocacy of the pending amendment has caused me to give it the most searching consideration of which I am capable.

This study and analysis on my part leads me to the conclusion, however, that the long-term borrowing authority in the bill is not only necessary to make this program efficient, but the language of the bill, at the same time, includes provisions and safeguards which fix it so that the executive, even if it wishes to do so, could not infringe upon the appropriations powers of the Congress.

It must first be pointed out that no provision of this legislation is irrevocable. Congress can, at any time, according to its judgment, modify or even repeal the long-term lending authority.

Uninterrupted legislative control is guaranteed by inclusion in the bill of a provision making certain features of the Government Corporation Control Act applicable to development lending. The amounts to be borrowed by the aid agen-



cy will be included each year in the Federal budget and submitted therewith for annual review by the Appropriations Committees of both Houses and by the whole Congress. It is clearly indicated in section 104 of the Government Corporation Control Act that the use of funds may be limited by Congress. This means in any year and in any amount.

Under this procedure, the President would submit an annual presentation of projected obligations and expenditures for the lending authority as part of the Federal budget. These, like other budgetary items, would be reviewed by the Appropriations Committees of both Houses and by the Congress. Limitations on expenditures could be proposed either by the Appropriations Committees or on the floor of either House. It is perfectly clear that no further expenditures could be made under the lending authority in the absence of express approval by Congress.

In the light of these considerations, it may well be asked: What then is the difference between the proposed borrowing authority and the present system of annual appropriations?

The difference is large and significant. While it is clear that Congress can impose such limitations as it judges necessary, it is also clear that it was the intent of Congress, in enacting section 104 of the Government Corporation Control Act, that budgetary limitations would be imposed only for compelling reasons; that is, only for the purpose of assuring that the will of Congress as expressed in the aid bill is effectively executed.

The Appropriations Committees have in the past rarely exercised their power to restrict the operations expenditures of the agencies which have been financed by authority to borrow from the Treasury. They have not done so because of the clear legislative intent of Congress regarding the operations of these agencies. The important point, however, is that such limitations can be imposed if they are deemed necessary by Congress.

The basic departure is that the burden of initiative is switched from the executive to Congress. Instead of the traditional presumption that no funds can be counted on until they are appropriated by Congress, under the new legislation, the presumption will be that funds will be forthcoming unless Congress acts to restrict or eliminate them. While this procedure does indeed provide for restraints on the normal appropriations process, it is essentially voluntary restraint accepted by the Congress itself. It is both voluntary and subject to revocation.

While the basic authority of Congress will thus be safeguarded, the new procedure will make it possible for nations receiving development loans to work out long-range programs with a fair assumption that these projects can be completed. This approach will make for effective economic development according to sound business principles. The procedure is new, but the basic authority of Congress will remain unimpaired.

For the reasons I have stated, I shall vote against the amendment and for the bill.

Mr. FULBRIGHT. Mr. President, will the Senator from Oklahoma yield?

Mr. KERR. I yield.

Mr. FULBRIGHT. I compliment the Senator from Oklahoma on an excellent statement. I especially compliment him on the attitude he has taken toward the pending bill. I believe he is completely sound in recognizing that if there is to be a program, it should be made as efficient as possible. There is no sense in continuing a program containing limitations which almost insure its inefficiency, as has been the case in the past. What disturbs me is that Senators who have been most critical of inefficiency are unwilling to take a step as important as this to bring about efficiency. The Senator from Oklahoma has made an important contribution in making that clear.

The Senator's comments about the retention by Congress of its control over the program are well taken. The idea that Congress will be relinquishing any substantial powers is completely erroneous. I compliment the Senator for making that point clear.

Mr. KERR. I thank the Senator from Arkansas for his remarks and most especially for the contribution he has made to reporting the bill to the Senate. Not only is it a bill which I can support, but it is a bill which, in my judgment, makes the program more effective.

I congratulate the Senator from Arkansas on the guarantee which he and his committee wrote into the bill to preserve the integrity of congressional control of appropriations, of the program, and of the money. I should like to have the Senator state the exact place in the bill where it is provided that even a concurrent resolution of Congress, without the approval of the Executive, provides the necessary retention of congressional control of the money available for the program.

Mr. FULBRIGHT. I shall be glad to do so. That section is often overlooked. It is section 617, on page 55 of the bill. It provides:

Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

Mr. KERR. Of Congress.

Mr. FULBRIGHT. Yes; of Congress.

Mr. KERR. That is but another added guarantee written into the bill itself. It provides that Congress will preserve its inherent, traditional constitutional control of the appropriation of public funds.

I thank the great Senator from Arkansas for his patriotic, unselfish, devoted, effective leadership in the development of this program, in the writing of the bill, and in the presenting of it to Congress and the country.

Mr. FULBRIGHT. I thank the Senator from Oklahoma.

Mr. President, let me ask whether the Senator from Massachusetts wishes to have time yielded to him.

Mr. SALTONSTALL. I should like to ask the chairman of the committee certain questions.

Mr. FULBRIGHT. Then, Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER (Mr. BURDICK in the chair). The Senator from Arkansas is recognized for 10 minutes.

Mr. SALTONSTALL. Mr. President, I should like to ask the Senator from Arkansas about a suggestion made last Wednesday, in the course of colloquy with the Senator from Vermont. Although he did not propose these words as an amendment, he suggested them as a possibility, if they were offered. I now read them:

SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—In any case in which the amount of a proposed loan under this title exceeds \$10,000,000, such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Committees on Appropriations and Foreign Affairs of the House of Representatives.

I should like to ask the Senator from Arkansas whether that amendment would be acceptable, if it were proposed either by himself or by some other Member of the Senate.

Mr. FULBRIGHT. In explanation of the colloquy of the other day, I will say to the Senator from Massachusetts that I do not personally think the bill needs or requires that amendment. I think that in the existing provisions of the bill there is ample protection of the rights of Congress.

But in acknowledging the interest of several Members of the Senate in this type of further check, let us say, upon the executive, this amendment was prepared by the staff of the committee, at my request—not by the administration—merely in an effort to see whether some common ground could be arrived at. I do not see that it is necessary for me to propose such an amendment, because I am not conscious of a need for it.

However, in view of the amendment which the Senator from New York, the Senator from New Hampshire, and the Senator from Vermont had offered—I believe he had two or three amendments—I have indicated that I believe this kind of substitute would have some merit, and personally I would be willing to accept it.

Subsequent to that colloquy, I have learned that other Members, including the minority leader, have been thinking of a similar amendment.

I am only desirous of working out something acceptable to as many Members as possible. Perhaps we cannot obtain a unanimous-consent agreement; but this amendment would be acceptable to me, personally. If we can refine it, or if the Senator from Illinois wishes to have a slightly different version, I would not be arbitrary about that.

Mr. SALTONSTALL. The Senator from Arkansas has spoken of his personal views. Can he go further than that? Would the administration object to an amendment of this character?

Mr. FULBRIGHT. I have consulted the administration about this amendment and some variations of it. The administration is not disposed to be diffi-



cult about it. The administration has some criticism of it. For example, the administration would prefer to have a somewhat shorter period of time; it would prefer 15 days to 30 days, as a matter of efficiency of operation.

I suggest that we propose to provide for 15 days while Congress is in session—I think that would be ample time—and 30 days when Congress is not in session. That is a slight change, not a material one.

I should also like to suggest \$15 million, instead of \$10 million—so as not to burden our committee staff with excessive paperwork. Such a provision would still cover what we call the important loans.

I hope something of the kind can be drafted, if that would be agreeable to the Senator. I wish to get as much enthusiastic support for this legislation as possible from Senators on the other side of the aisle, because I do not think such legislation should be considered by the country as partisan in nature. It is not partisan; this is not a Democratic program. It is a national program.

Therefore, I have gone as far as I possibly can, on every occasion, to accommodate the views of the Republican members of the committee, and likewise the views of the other Republican Members of this body. So I do not wish to be arbitrary. I hope we can get something that is workable.

Mr. SALTONSTALL. I think it would be very helpful if the chairman of the committee could tell us that he felt that if, let us say, the amendment of the distinguished Senator from Virginia [Mr. Byrd] were not adopted, something of this kind would be acceptable, not only to him personally, but also to the administration, so we would have support for this amendment.

Mr. FULBRIGHT. I believe I can say that. The administration has indicated to me its preferences, but has said, "Whatever you finally agree upon will, of course, be acceptable to us." That is about as far as they can go. I think they would not oppose a proposal like this in either body. But they would like the provision to be manageable and as workable as possible, because, of course, this is a very important activity; and with the larger amounts of money, there would be greater difficulty than was the case with the Middle East situation, where only \$200 million was involved.

I have no objection, insofar as the Middle East situation is concerned; but I think this would cause a greater amount of paperwork, even with relatively small loans.

Mr. SALTONSTALL. Of course, I cannot say it is accurate, but I was informed by reasonably responsible sources that in the last 3 years there were 60 loans of more than \$10 million. That would mean an average of 20 of them a year. That is not a great number of such loans.

Mr. FULBRIGHT. That is correct. But this program, if adopted by the Congress, will be considerably expanded, and it is anticipated that there will be a far greater number of larger loans—partly because there will be long-term planning

authority, which I certainly hope will tend to put the program into projects which will really contribute to the economic base of a country, as opposed to short-term, rather showy projects, which often contribute little to the country's economic base. That has been one of the criticisms of the program.

So I anticipate that there would be larger loans.

Mr. SALTONSTALL. I should like to ask another question, if I may.

Mr. FULBRIGHT. First, I wish it clearly understood that this program and this provision apply only to the loans of the Development Loan Fund.

Mr. SALTONSTALL. That is correct.

Mr. FULBRIGHT. It does not apply, and cannot apply, to the other programs—the military assistance, the support assistance, the technical assistance, or the contingency fund. It is limited to the DLF—the Development Loan Fund.

Mr. SALTONSTALL. I understand.

Mr. FULBRIGHT. I want that clearly understood.

Mr. SALTONSTALL. This amendment, if adopted, would not provide Congress with any power to stop the making of the loan, unless section 617, on page 55 of the act, which I shall read—

Mr. FULBRIGHT. I read it into the RECORD a few minutes ago, during the remarks of the Senator from Oklahoma [Mr. KERR].

Mr. SALTONSTALL. Very well; I was unable to hear what was said at that point.

It is my understanding and interpretation of that act that it would apply to any single loan, if Congress wished to make it apply.

Mr. FULBRIGHT. I do not think it would not apply retroactively.

Mr. SALTONSTALL. I invite attention to this language:

Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution.

I have in mind that if the language the Senator suggested the other day were inserted in the act, a majority of any of the four committees could file a concurrent resolution.

That concurrent resolution would go to the Foreign Relations Committee of the House or the Foreign Relations Committee of the Senate. But if such resolution were to go to one of those committees, and hearings were held on it, and so forth, certainly, in my opinion, the administration would be very unwise to make a loan until that resolution was accomplished.

Mr. FULBRIGHT. I certainly think so.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield myself 10 more minutes.

The provision clearly provides that assistance under any title may be terminated. I think it is intended to cover any functional activity. I doubt that they had in mind specific loans. Technically, however, it might apply to a specific loan, which would be a most unusual

exercise of this provision. I think they had in mind a much broader meaning—for example, that the DLF, could be terminated or rescinded, or that the contingency fund could be rescinded. I doubt that the Congress would ever use this procedure with respect to a single loan, unless it were of very great or major importance. It could, however.

Mr. SALTONSTALL. I think, under a reasonable interpretation, I would agree with the Senator from Arkansas.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I express my appreciation to the distinguished Senator from Arkansas for his cooperation with those of us who authored the Saltonstall amendment.

The Saltonstall amendment, in the revised form which has been studied by the chairman of the Foreign Relations Committee, is a good compromise. It provides that reports on all loans to be made from funds borrowed from the Treasury must be presented 30 days before the loans are to take effect to the House and Senate Appropriations, Foreign Affairs and Foreign Relations Committees.

This should be considered in conjunction with section 617, now in the bill, which would permit assistance under any provision of the act to be terminated by concurrent resolution. Thus full information on all important loans would be sent to four congressional committees and would not come into effect for 30 days. If within that period, any good and strong reasons for disapproving a loan were discovered, then a concurrent resolution could be introduced calling for termination of that assistance. That resolution would in the Senate, I believe, be referred to the Foreign Relations Committee which would have full data to consider both the loan and the resolution. Although there is no further provision for a veto by either a committee or a single House of Congress, in practice the filing of the reports and the provision for a concurrent resolution of disapproval should enable the Congress to make its intentions clearly known to the executive branch before any obligation of over \$10 million is made under this loan program. The provision is a protection and an insurance to the executive as well as to the legislative branch.

It also seems to me when one reads the language suggested by the Senator from Arkansas in conjunction with section 617—and I thoroughly agree that it would be sparingly used—it could be used to terminate a project already started. In the light of that fact, it seems to me, when one reads those two together, there is a very reasonable protection for Congress. And when read together, in my judgment, they furnish a greater protection than is incorporated in the so-called Byrd amendment, for the reason that under the Byrd amendment there must be a waiting period of a year before action can be taken on an authorization. Appropriations are voted only once a year. These reports would have to be filed every time a loan



was made. Furthermore, under this proposal, four separate committees would have surveillance over the operations of the program every year, instead of just two, where a substantial loan is involved. The limit of \$10 million is perhaps open to some question, although I would think this was about right. Therefore, in the light of the position taken by the Senator from Arkansas and his assurance that this amendment will have his support and the support of the administration, it is my intention to vote against the Byrd amendment. On the whole, I think the Saltonstall approach would be more effective than the Byrd amendment in providing continuous, meaningful oversight by the Congress of loans financed by Treasury borrowing.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. PROUTY. I want to be very certain that the proposed amendment under discussion at the present time is one which the Senator suggested during a colloquy with me last Wednesday, I believe, on the floor, and that the language would be identical with the distinguished Senator's proposal at that time.

Mr. FULBRIGHT. That is correct. I thought, if it was necessary and if we could reach agreement with the Senator from Illinois and other Senators interested, I would agree to certain changes. However, what we are talking about is the language of the amendment we discussed.

Mr. PROUTY. I understand it is agreeable to the chairman of the committee, and also to the administration.

Mr. FULBRIGHT. The position of the administration is somewhat like mine. It is reluctant, because it considers such a provision unnecessary, but it could live with it. It is believed it would place some burdens on the administration, particularly as concerns the volume of reports, and the administration would prefer to have the amount raised, so there would not be so many. Like the provision incorporated as to the Middle East, I said I thought it was a good provision. I do not think it is absolutely necessary, but if it were acceptable, I would prefer that it be adopted. Personally, I think the administration could live with it, if we all agreed that it was acceptable.

Mr. PROUTY. Under the provisions of that amendment, should it be adopted, the proposal would be referred to four committees of the Congress 30 days prior to any action being taken by the administration. Is that correct?

Mr. FULBRIGHT. That is correct. It has been suggested that while Congress was in session 15 days would be long enough, and 30 days should be provided when Congress was not in session. Does the Senator think provisions for 30 days is also necessary while Congress is in session? I thought 15 days would be long enough while Congress was in session.

Mr. PROUTY. Personally, I think the requirement of 30 days is preferable, because it gives the committees more time to study proposals.

Mr. FULBRIGHT. The question is one of reconciling the necessity of letting the committee know, but also not delaying the program. We are constantly being criticized for delays. It is one of the major criticisms. The question is one of reconciling the conflicting interests.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. Am I correct in assuming, as suggested by the chairman of the Foreign Relations Committee, that the amendment being discussed would provide for publicizing proposed contracts?

Mr. FULBRIGHT. It would not. It is anticipated that the reports to the committees would be confidential reports. It would be intolerable, prior to final agreements, to publicize the plans. I would anticipate that the reports to the committees would all be classified reports, for the information of the committees.

Mr. AIKEN. And they would be submitted to only 100 Members of Congress and their staffs; is that correct?

Mr. FULBRIGHT. I had not counted up the number, but I refer to the Committees on Appropriations and Foreign Relations.

Mr. AIKEN. The number would be about 100 Members. Assuming that the committee did not approve one of the proposed contracts, what would it do?

Mr. FULBRIGHT. It would register its complaint with the administration.

Mr. AIKEN. Suppose 60 Members approved and 40 Members disapproved. What would the 40 do about it?

Mr. FULBRIGHT. They could also complain.

Mr. AIKEN. Does the Senator mean they could not come on the floor and speak as American citizens?

Mr. FULBRIGHT. I think they should, but not prior to accomplishing the agreement. I think it would create an intolerable administrative problem to publicize proposed agreements prior to their accomplishment. This proposal is intended to give Members of Congress an opportunity to study the proposals.

Mr. AIKEN. So we would provide 100 muzzles for 100 Members of Congress.

Mr. FULBRIGHT. The Senator knows I am not trying to justify it. I am reluctantly considering it.

Mr. AIKEN. Has not the State Department vigorously opposed this provision every year and stated that it would demoralize their program?

Mr. FULBRIGHT. Publication would.

Mr. AIKEN. It would demoralize their program, and every member of the Foreign Relations Committee ought to know it.

Mr. FULBRIGHT. Of course it would, if the proposals were publicized.

Mr. AIKEN. Does the Senator know any better way to get publicity than by submitting a proposal to 100 Members of Congress?

Mr. FULBRIGHT. I am told that many reports made to committees are not publicized.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. However, in connection with the very pertinent inquiries of the Senator from Vermont, I think it should be said that, under section 617, if any 2 of the 100 Members, as the Senator put it, or any 1, felt that the proposed law was unwise, a concurrent resolution could be submitted.

The resolution would not necessarily be adopted. It would go to the Committee on Foreign Relations in the Senate and, in the other body, to the Committee on Foreign Affairs. It could be submitted. Of course, there is nothing which would presume to say to a Member of Congress that he could not submit a concurrent resolution.

Mr. FULBRIGHT. The provision with respect to the concurrent resolution has been in the law all along. I have never heard of anyone submitting a concurrent resolution. That provision was in the law last year. The administration asked that it be an act of Congress, and the committee kept it as it was.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. I join in thanking the Senator for his courteous consideration of the Saltonstall-Keating amendment, of which I am a sponsor. The Senator from Pennsylvania is also a sponsor. I think it is very helpful for the Senator to have this colloquy in anticipation of the labors we face next week.

In view of what the senior Senator from Vermont [Mr. AIKEN] has said, I invite attention to an amendment offered by the junior Senator from Vermont [Mr. PROUTY], in which the Senator confines the reference to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BUSH. May we have more time?

Mr. FULBRIGHT. Mr. President, I yield myself 10 minutes more.

Mr. BUSH. The purpose is to reduce the number of committees which would have to consider the problem and to place it in the hands of committees which are most familiar with the development loan program and the whole foreign aid program.

I shall raise that question when this provision comes before the Senate next week, but I thought I would mention it now so that Senators might consider it as being less cumbersome in operation.

I also ask the Senator to consider whether it might be well to modify the suggested amendment to insert the language "while the Congress is in session." It seems to me there is something to be said for having references made while the Congress is in session.

I do not wish to take the Senator's valuable time to debate that question now, but I raise the question for consideration of the Senate next week, when we shall have more time.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Pennsylvania.



Mr. SCOTT. I had in mind the same question which was posed by the Senator from Vermont, as to assurances. What the distinguished Senator has said answers the concern I felt.

The sponsors of the amendment have been most desirous that there be some form of coordination with the Congress, and some control other than that in section 617, or that the concurrent resolution provision be included.

I should like to ask the distinguished Senator from Arkansas a question in this connection, in view of some conversation which has been had from time to time, indicating that perhaps the administration might wish to withhold some information on the ground of national interest. That authority is not provided in the amendment, and I would appreciate some assurance from the Senator from Arkansas that so far as he is concerned there will be no attempt to include a reservation eliminating some reports, since the amendment contemplates that reports on loans in excess of \$10 million shall be made to certain committees of the Congress.

Mr. FULBRIGHT. That particular provision was in the Middle East resolution. The distinguished Senator from Illinois is reported to be considering such an amendment. We have discussed that question. I do not think the Senator has actually prepared it.

I think such a reservation has great merit. However, as I have already indicated, I believe that under the law providing for classification, the administration could protect itself from undue revelation. The senior Senator from Vermont has great doubt about the ability of the administration to do that, but I do not entertain the same doubt. Perhaps I am mistaken.

We know there are many leaks, but often the leaks do not relate to what I would call classified or secret information. The leaks involve more personal matters, such as my own correspondence, which I have no authority to classify. Those are the most frequent leaks. I do not believe there is any great risk.

This is a point we can discuss. Does the Senator from Pennsylvania feel very strongly that when we are dealing with an extremely sensitive matter, under no circumstances should this authority be provided, and that the reports must be included?

Mr. SCOTT. I prefer the exclusion from this measure at this time of such an overall extension of power to the Executive.

Mr. FULBRIGHT. Yes.

Mr. SCOTT. I do not believe that the Executive has formally made any such request. I have in mind, among other things, the Middle Eastern problem. I think it is important that such secrecy as may pertain to the Middle Eastern problem be maintained, but not for any purpose other than the security of the United States. It should not be maintained for the benefit of any person from a political standpoint.

Mr. FULBRIGHT. I agree.

Mr. SCOTT. We ought not to be concerned that the impact of some voting group might be averted by con-

cealment. I do not think it is in the mind of anyone, actually to do so, but I have a reservation in my mind. I am sure the Senator understands what I am getting at.

Mr. FULBRIGHT. Yes.

Mr. SCOTT. I prefer, as I have said, that it be omitted. I am glad to see it has been omitted. That goes a long way toward helping me in my concern as to how to act.

Mr. FULBRIGHT. It has been suggested that the leaks, if leaks exist, and the reports about negotiations before loans, if they get out, would cause numbers of lobbyists interested in the cases to descend upon the committees. This could happen, if there were leaks. On the other hand, if we should do our duty and protect against leaks, they would not occur, because when the 30 days were over the story would be publicized.

All I can say is that if this provision is unworkable we shall have to repeal it.

Mr. SCOTT. The danger of leaks is one which is broadly applicable. For example, if there were leaks in the Armed Services Committee one might have the same problem, and there might be lobbyists for aircraft concerns and others coming to the Congress.

Mr. FULBRIGHT. That is correct.

Mr. SCOTT. I thank the Senator.

Mr. AIKEN. Mr. President, will the Senator yield for one more short question?

Mr. FULBRIGHT. I yield for one more question.

Mr. AIKEN. Does the Senator believe that if the contract were submitted, and if the Executive Department were going through with it, the Congress could terminate the contract by a concurrent resolution?

Mr. FULBRIGHT. It strikes me that if the Congress acted by resolution quickly enough, before the obligation was entered into, under the language the Congress could terminate anything.

Mr. AIKEN. Under the language?

Mr. FULBRIGHT. Under section 617. Not under this amendment, but under section 617, which is in the law.

Mr. AIKEN. If, under the amendment, the contract were submitted to the four committees of the House and the Senate, and Congress felt strongly about it, and if the executive department would not cancel it, could the contract be cancelled by the Congress by a concurrent resolution?

Mr. FULBRIGHT. As I have already answered, I think the language refers to the general activity provided under various titles. I do not think that under a reasonable interpretation it could apply to a single, ordinary loan. I have not had an interpretation made on that point. I shall be glad to do so.

Mr. AIKEN. The answer would be "Yes."

Mr. FULBRIGHT. Technically, the language seems to be very broad, as I said before. It says "assistance under any provision of this act." It would seem to be broad enough, but it ought to be interpreted with the rule of reason. I think it would be very unreasonable to apply a narrower, technical interpretation.

Mr. AIKEN. The Senator also said that the contract would be submitted in the strictest of secrecy. How would Congress pass a concurrent resolution in secrecy?

Mr. DIRKSEN. By invoking rule XXXV.

Mr. AIKEN. By invoking rule XXXV and closing the doors, to pass it in secrecy?

Mr. DIRKSEN. Yes.

Mr. AIKEN. I think the Senator from Illinois has answered the question.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I do not think the question ought to be left in that State. Obviously, if a concurrent resolution were filed, it would become public property and those filing the concurrent resolution would have to take the responsibility for doing so.

Mr. FULBRIGHT. I doubt that a concurrent resolution would be filed except in extreme cases.

Mr. DIRKSEN. Mr. President, I wonder if my distinguished and charitable friend from Arkansas will yield the minority leader about 30 minutes on this question?

Mr. CURTIS. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. I yield for a question.

Mr. CURTIS. Referring to section 617 of the bill, pertaining to the concurrent resolution, could any project or program be stopped by a concurrent resolution before it was started or instigated?

Mr. FULBRIGHT. I believe the authority under which the project or program would be granted could be stopped, if it were abolished or rescinded under section 617 of the Development Loan Fund before the loan was made. I think such concurrent resolution would stop it. If some project were contemplated under the contingency fund and the contingency fund were rescinded, I think this would stop the program.

Mr. CURTIS. The bill uses the language:

May, unless sooner terminated by the President, be terminated by concurrent resolution.

Can a program that has not been instigated be terminated?

Mr. FULBRIGHT. If the Senator is talking about the authority to do so, it is in the provision. I think a reasonable interpretation would not refer to individual loans or projects. It would refer to titles under the act, to the use of the contingency fund, or to Development Loan Fund. Under 617 one could rescind the Development Loan Fund, I would think.

Mr. CURTIS. The whole thing?

Mr. FULBRIGHT. Yes.

Mr. CURTIS. Such a provision would not apply to an individual country?

Mr. FULBRIGHT. I do not think that would be a reasonable interpretation of the provision, but I have not had a legal research made on that point. The provision has been in the law, but no test



has ever been made, and none has ever been sought.

Mr. CURTIS. The concurrent resolution would apply to the whole act or nothing.

Mr. FULBRIGHT. No; but any provisions in the bill, it seems to me, could be rescinded. But those provisions do not relate to individual loans.

Mr. CURTIS. Then if the amendment referred to by the distinguished Senator from Massachusetts were agreed to, could any member of the committees offer a concurrent resolution in regard to one of the projects?

Mr. FULBRIGHT. I think such an interpretation would be very strained.

Mr. CURTIS. I am not interpreting the bill.

Mr. FULBRIGHT. I think a member of the committee could offer a concurrent resolution to repeal the Development Loan Fund, and the resolution would be referred to the committee. If Congress agreed to the concurrent resolution, the Development Loan Fund would be repealed.

Mr. CURTIS. That is all the concurrent resolution would involve?

Mr. FULBRIGHT. I think that would be a reasonable interpretation. I do not wish to be pinned down on the case of a loan, if a loan of great significance were involved. If the loan had not been made, but there was a borrower, and Congress were willing immediately to pass a concurrent resolution, it might be held proper under the amendment. I have not thought about the question.

Mr. SALTONSTALL. Mr. President, will the Senator yield for an additional question?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Perhaps the question is rhetorical. Is it not perfectly clear that if any member of any of the four committees of the House or the Senate objected, and showed by his statements and the report of the committee that he objected to one of the loans, the administration would not go forward with that loan?

Mr. FULBRIGHT. That is my opinion, if the objection were a responsible one. If a single individual expressed disapproval, that would be one thing. If the committee, or a reasonable number of the committee, said, "This is a very serious matter. We do not think the project is justified," and proceeded to give anything like a plausible reason for the opinion, and the objection did not seem purely frivolous, I think the administration would undoubtedly take another look at the project, discuss it, and review it; and if there were continued opposition, my opinion is that the administration would not move forward. That would be the course of wisdom. That is the way I think the law would work. Therein lies the value of the proposal. We would not have a veto. But if the objection were serious, with some justification to it, I think such objection would influence the administration to change the program, modify it, drop it or take whatever action seemed proper under the circumstances.

Mr. SALTONSTALL. As I see it, that would be a responsibility of Congress if the authorization were agreed to.

Mr. FULBRIGHT. It certainly is. After all, it is a long-term program. I think it would be extremely unwise and improvident for the administration of any party in an instance like the one described to override the wish of Congress and go on, even though it had authority to do so. It would be very foolish to proceed under such circumstances.

The program must be of a cooperative nature, and Congress must support the program all along if it is to succeed. If we so fall out with the administration that we object to the way the program is being administered, we have the inherent power, even without the amendment, to pass a bill to kill it if we can muster a two-thirds vote. We can always take such action, even over a veto.

We have already discussed the point in another connection. Any reasonable administration must get along, by and large, though not on every detail with every Member of Congress, but with a majority of Congress.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for another question?

Mr. FULBRIGHT. I yield, but I am desirous of giving the minority leader an opportunity to speak. I am sure he is eager to speak.

Mr. HICKENLOOPER. I assure the Senator that I am as eager to hear the minority leader as he is.

Mr. FULBRIGHT. I look forward with fear and trembling to his address, but it is my duty to give him an opportunity to speak.

Mr. HICKENLOOPER. I look forward with complete pleasure because I think I shall be in complete agreement with what he will say, although I am not sure what he will say.

I invite attention to section 617, page 55, which is the concurrent resolution provision. That section happens to be one of the reasons why I object to the procedure. Not only is no protection afforded, but it is a camouflage, in my judgment. While I have not researched the question legally or had it researched, the section provides:

Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by concurrent resolution.

From a horseback opinion standpoint, a reading of that provision demonstrates that there is no question that the concurrent resolution would have to destroy the whole act or the whole provision of the act under which it operated. The concurrent resolution would have no effect on individual, specific programs.

Many of us have supported mutual assistance programs, but we have had violent objections from time to time to specific items of operation under the program. The provision in question would leave us helpless. We would have no choice but to follow the idea that if one has a bad cold, the way to cure it is to cut off his head. When it comes to specific performances under the program, if there were violent objection, we would have no remedy whatsoever except to abolish the entire provision under which we are operating.

Mr. FULBRIGHT. The provision. The Senator is correct.

Mr. HICKENLOOPER. Such action, which most people would not want to take, would be very drastic.

Mr. FULBRIGHT. It would be drastic, but proper. However, we are not supposed to be executing the laws. It is most unusual even to consider the amendment we have been considering. Yet Congress is so anxious to get into this act that I do not see any harm in the provision about which we have been talking. I do not think Congress ought to undertake to pass upon every single act. We do not have the staff necessary to exercise intelligent judgment.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I will yield for a question, but not for another speech. I yield myself 2 additional minutes.

Mr. MILLER. I should like to ask the Senator from Arkansas a question. Assuming the interpretation of section 617 is as he has said—which I believe is a reasonable one—how could it be applied in connection with the provision contained in section 614(c), which provides that the President is authorized to use the \$50 million but that he does not have to reveal its use if he certifies that it is inadvisable to specify the nature of the use of such funds; in other words, how can Congress act through a concurrent resolution on something it does not know anything about?

Mr. FULBRIGHT. If Congress had any suspicions, it could approve a concurrent resolution repealing section 614(c). That would stop it. Congress could repeal the whole section, and thereby abolish the authority. I believe action could be taken under the authority of section 617.

Mr. MILLER. Does the Senator think it wise to require this extreme type of operation on the part of Congress?

Mr. FULBRIGHT. I do not believe that section 617 is necessary at all. We are supposed to give the power to the Executive, and the executive department is supposed to execute that authority. If they do it erroneously or badly, we can repeal that provision. If the administration does not do it properly it can be criticized, and, if necessary, it can be defeated in the next election. We are not supposed to execute laws. The more we get into that, the more cumbersome the whole operation becomes. I expect to be criticized for even agreeing to the proposal, because to a certain degree it interferes with the Executive functions.

Mr. MILLER. We could avoid the problem if section 614(c) did not have the secrecy provision in it.

Mr. FULBRIGHT. The Senator has the right to move to strike it out. The committee felt it was justifiable. However there is no reason why the Senator could not offer an amendment on Monday to strike out 614(c). If the Senate supports the Senator, it will go out.

Mr. MILLER. The point I wish to make is simply that section 617, it seems to me, is form without substance unless we have that part of section 614(c) taken out.

Mr. FULBRIGHT. The Senator is entitled to his opinion. I do not quarrel with it. He may be right. Probably he is right.



Mr. President, I yield 30 minutes to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, first I express my gratitude to the distinguished Senator from Arkansas for yielding me of his time. I think he knows that I am in favor of the Byrd amendment. I am for something to implement the Byrd amendment. As a result of the colloquy here this afternoon the impression seems to be that an audit-and-oversight provision would be a substitute for the Byrd amendment. I never had any such idea at any time. I believe the Byrd amendment is necessary, and I believe implementing oversight and auditing of the program is necessary, too.

First, I point out that after 13 years of the so-called foreign-aid program, it becomes a "harder sell" than it has been at any other time. It will become an increasingly "harder sell"; and I should not be a bit surprised—and certainly a prophet takes his life in his hands when he prophesies—if with the long-term back-door financing, as we call it, we are preparing to liquidate the program.

Mr. FULBRIGHT. I do not call it that.

Mr. DIRKSEN. Whatever it is called.

Mr. FULBRIGHT. I object to it.

Mr. DIRKSEN. I do not object to what the Senator calls it. I say with that provision we are getting ready to liquidate the foreign-aid program, because there is something far more important involved here than so-called Treasury borrowing, and that something is the American people.

We are dealing here with their money. It does not make any difference whether the Internal Revenue Service extracts it from them on internal revenue pay-day or whether it is taken by the form of the President issuing notes and the Treasury buying the notes. It comes out of the Treasury, and it belongs to the people. Finally it must be liquidated by the people themselves.

They are conscious right now of what is going on. They do not ask for much. I have never asked for perfection in this program. I know that the human casting can fail and that there can be corruption in this program. I know that waste can enter into it. I know that it does not always reach down. However, when all is said and done, we have our responsibility under the Constitution. There is no other way in which it is possible to get money out of the Treasury except as we make it possible to do so.

What the people want is competence in the program. They want an accounting. They want some feasibility. They want acceptability of projects. They want the money to reach down to the people who are to be helped, and not skimmed off by a thin uppercrust group in any of the countries.

They would like a little audit. They would like a little oversight. They wonder whether their representatives in this Chamber are conserving the resources of the taxpayers.

When I say competence of personnel, for example, I am thinking of many things which have been dredged up by the committee in the House. I have served on this committee in the Senate

year in and year out as we have dealt with foreign aid. I remember people not identified with Government who used to come to testify. Mr. Williams Castle, who probably made a modest fortune in documentary films, used to come up there, and I used to answer him. I upheld the ICA during that testimony simply because he had no identity with Government and I did not know how much investigative talent he had. The Porter Hardy Committee in the House has performed most creditably in this field, and they have shown something about the incompetence of personnel. One situation showed up only recently in Peru. There was a regional director down there by the name of Roland S. Atwood. A man by the name of John R. Neale was the administrator of the ICA program there. The committee had Atwood before it, and it put the blame on him. It said:

You should have known what was going on. You should have disciplined Mr. Neale.

What happened to Mr. Atwood? Mr. Atwood landed on the Inter-American Bank under a special section down there to look after some \$394 million.

People talk about competence. That is the first thing the people want. They are entitled to have it. We are not going to get it by ladling up \$8,800 million so that the President can issue notes and get the money.

We will discover difficulty in getting a looksee. In connection with the Peruvian situation, Representative HARDY served notice on 12 witnesses to come before his committee. What happened? The Secretary of State notified all 12 of them in writing that they should not appear before the committee and testify. That is a matter of record. So the first point I make is that we want some competence.

Does anyone think that we are going to get it after we have delegated away the money by permitting the issuance of notes to be bought by the Treasury and after the obligations have been incurred? No, not in my book. I do not believe that will ever happen.

The second thing is the question of feasibility and acceptability of some of the projects with which we are involved.

Let us take a little look. There was an irrigation project in Peru. The engineers said it would not work. They were asked why. The answer was simple: There was no water. That is the best answer I know. But the director went ahead with the project anyway. One hundred and twenty-four thousand dollars was involved. That is a long way from \$10 million; but \$124,000 is \$124,000 of the people's money. It is not picayunish, in my book, because if it can happen there, it can happen with respect to larger sums.

The report shows that Iran did not have a single project. Yet the director was told to spend \$40 million as quickly as he could. Oh, the headaches. The greatest excoriation written about the Iran project was published in the London Times, which referred to the corruption, extravagance, mismanagement, inflation, and destruction of the stability of the country.

Is this what we shall do? Shall we barter away the annual look-see? That is what would happen.

What happened in Korea, for example? A fertilizer plant was built there. I think it has been in process of construction for a long time; it has not been finished yet. It was estimated to cost \$19,500,000. I think we have put \$47 million into it up to now. That is what happens when Congress does not get a real look-see.

In the substitute proposal I have offered to provide checking, I provide for a staff in the Committee on Appropriations, competent and of sufficient size to perform the task. That provision is not in the other amendment. That is no substitute for what I have in mind, because when the money is gone, our chance to do anything with it is gone at the same time.

Consider the Vietnam road, which was supposed to be 250 miles long. Finally the authorities settled for 18 miles. Expensive bridges and expensive laterals were built. The overall estimate, to begin with, was \$18 million. Now it is said it will take \$100 million to build the project. Do Senators want to do that with the people's money? I do not. I want an audit; and I want an audit every year.

I remember my days as a member of the Committee on Appropriations. The distinguished Senator from Maine [Mrs. SMITH] will remember, I am certain, that I quizzed witnesses back and forth. That is the only way to get the story; it is not possible to get it from those who will spend the money. If Senators think I am wrong, let me prove to them that I am right.

In Peru, it was planned to build an irrigation project. There was a road that began nowhere and ended nowhere. This was all revealed before a congressional committee.

The last booklet issued by the ICA is entitled "Aid in Action—How U.S. Aid Lends a Hand Around the World." Does it say anything about the projects in Peru? Oh, no. Let me read what it says about Peru:

The importance of selected seed, proper fertilizer, and modern cultivation methods in potato growing was shown when a U.S. demonstration plot produced 610 bushels per acre, valued at \$677, compared to 118 bushels per acre, valued at \$50, by conventional methods.

Where was the comment on the road? Where was the comment on the irrigation project? Where was the comment on the conflict of interest on the part of the man who was running the foreign aid show in Peru? Senators will not find it in the ICA publication. That is what I quarrel about: It is the spenders who come before the committee. I would rather have a staff which has taken a good look-see come and tell Members of Congress when an agency has ostensibly justified its case. Then let the agency people take the same side of the table and be asked, "What have you to say about it?"

It is the people's money with which we are dealing. When it goes out the back door by the issuance of notes, it has gone. We shall have to beg for infor-



mation. That is why I object to a \$10 million cutoff in a proposal to audit this program. The \$124,000 which went down the drain in Peru was very important to me. The seven elevators in Haipur, India, without a bushel of grain in them, are probably fancier and have more gimmicks in them than any grain elevator in the United States. They are important to me. It will not be possible to reach activities of that kind with a \$10 million cutoff.

So I suggested an alternative proposal with no cutoff. I proposed that before any authorization under this act could be used, the proponents of the program must come before the respective committees and tell where the money was to go, what country would be the recipient, and what the justification was for it.

Where do Senators think I got that language? Bless them all, I did not concoct it out of a hole in my head—not by any means. We had before us a bill relating to the Middle East. Who do Senators think rose on the floor of the Senate and proposed the very language I offered? He submitted it for the approval of the Senate and got approval without a dissenting vote. Was it the minority leader from Illinois, even though \$300 million was involved? No; it was the incumbent Vice President of the United States, the then majority leader. If we thought such a provision was pretty good then, I think it is still pretty good. There was no \$10 million cutoff, and no \$5 million cutoff.

I am willing to accept the former majority leader's language, which the Senate wrote into the Middle Eastern program. That is good enough for me. But that is no substitute for the Byrd amendment. It can be only a supplement to the Byrd amendment. That is why I believe the Byrd amendment is so important.

Does this proposal reach down to the people? I do not know. What did the House investigators say?

They pointed out the preoccupation with building large and costly projects at the expense of the basic economic development—large, monumental, costly projects. That was the course which the foreign aid group pursued. They get delusions of grandeur. I would rather see built a \$100,000 sawmill, where people can cut lumber with which to build themselves habitations, than a \$5 million powerplant, which, when it breaks down, sits there for people to look at, no one knowing what to do about it.

I sat in Taiwan with a representative of General Electric. I say "General Electric"; it could have been a representative of Westinghouse. He said:

The trouble with this program is that those who operate the show get delusions of grandeur. They say, "How big can it be? How much money can we spend?" They do not train the people to maintain them. Then, when the plants break down, the people sit there like sheep and look at them.

Mr. President, we had better look at this program first and ascertain whether a particular kind of project is acceptable for the area for which it is proposed.

I suppose I could multiply examples when it comes to reaching down to meet

the people. When 20,000 merchants in Vietnam clamor for licenses to enable them to buy imported goods at special rates of exchange, and the United States pays the freight, is that something which reaches down to the people? We are dealing with the people's money.

Let Senators go back home and try to justify such a program. I say that, because I carried the flag for foreign aid on the floor when it was very awkward, as Senators will know.

When I was being written up in the Illinois newspapers, it did not make any difference. I stood my ground. I stand my ground now. However, I believe that now is the time to take counsel, because involved here is \$8,800 million in a space of 5 years. It will go out of the U.S. Treasury when Congress authorizes the notes in the bill. It can all be obligated in a single year, if I correctly read the bill. Then try to get it back. How shall we revoke that authority? It must be done by equal dignity—by amending the bill or by concurrent resolution. It must be done by a measure of equal dignity—meaning either a bill or a joint resolution. It must be signed by the President. And if he undertakes to veto it, the veto will have to be rebutted by a two-thirds vote.

Do Senators think that can be done, after we have told him to go ahead for a 5-year period, and not to come back for an annual audit by the Appropriations Committees? I doubt it very much.

This is the time—note later—to be mindful of what is before us. There can be weeping, and it is said that "Weeping endureth for a night." But things might not be so joyful when we return home and face our constituents.

I want to vote for a foreign aid bill. I always have done so, despite the exhortations I have encountered doing it. But I will not vote for this proposal.

It is said this is only what President Eisenhower wanted. That may be; but I think we should get the record clear and straight. There was a time when President Eisenhower asked for an arrangement like this. But he changed his mind when it finally dawned on him that this was not good procedure. I think I can establish that. He had some reasons for it when, in June 1959, he addressed a letter to the chairman of the Foreign Relations Committee, and in the letter pointed out that there was to be a certain amount of capital for the Export-Import Bank and a certain amount for the International Bank for Reconstruction and Development, and that there was consultation to set up another International Bank. Already at that time we had before us a resolution with respect to the Inter-American Bank. I think the President had a point in that connection. But, at long last, what did he say in that letter? It is to be found on page 12423 of the CONGRESSIONAL RECORD for July 1, 1959. I now read what Dwight D. Eisenhower, then President of the United States, wrote in that letter:

Accordingly, I do not look with favor upon the provisions of your amendment which authorizes the Development Loan Fund to borrow from the Treasury.

In 1957 he entertained a different view. But when all the facts came before him, there is what he said, in response to the 5-year proposal which, way back at that time, had come before the Senate. Dwight Eisenhower, the President of the United States, said:

I do not look with favor upon the provisions of your amendment which authorizes the Development Loan Fund to borrow from the Treasury.

Mr. President, I hope that puts at rest the record as to where the President of the United States stood at that time.

In view of all that has been said on this floor about back-door borrowing, I think we ought to have the record straight.

It is said that 20 agencies do this. I concede the fact. But I also concede that they are constantly under scrutiny. One cannot go with a committee to Laos or into Latin America or the Middle East or Africa or elsewhere, to look at these things. One must have a staff, to do that, for one thing, if it is to be done by the Appropriations Committee.

But once the control of the purse is gone, we might just as well forget about all that.

Mr. President, I have heard many statements on the floor of the U.S. Senate about how effectively we can often do these jobs. Mr. President, I speak from long experience. A number of years ago I almost lost my eyesight from poring over little figures day after day and night after night. I know how much one can accomplish, finally, as an individual, and still do all the other work which goes in and out of our offices. We are not going to get a look-see at this program unless it is placed on an annual basis, because they will give us as much information as they may desire—which will not be enough. Of course, we shall have to fight every step of the way.

It is said, "Oh, but we have all kinds of audit controls in other statutes, now. We have the Government Corporations Control Act."

Mr. President, did you ever look at the budget? I used to live with the budget, day after day. Look at the budget for the fiscal year 1962, beginning at page 94. Look at the cryptic figures. The information is all there. There is a column for "1960, actual," and one for "1961, estimate," and one for "1962, estimate." That is what is called a business-type budget. That is what the Government Corporations Control Act calls for. It says, "A business-type budget must be submitted." There it is—all these little cryptic figures look as though a spring chicken had walked across the page.

I defy anyone to make any sense out of those figures unless he has a staff and assistants who have worked early and late to examine the witnesses, who have to be self-serving, as the lawyers say, and put them through a "course of sprouts." That is when we will get the story, but not until then.

But unless we have real annual control through the Appropriations Committees, we shall not get it through the Government Corporations Control Act, for I have been through it. The Development Loan Corporation has been under that act since 1958, and I would like



to see anyone come forward and show me that he has gotten any real, first-class examination of what has been going on in the entire field of foreign aid.

This is not a happy thing to have to say. But when it must be said, and when it can be documented, there is no choice.

I had hoped we could be a little selective in this program. For example, certain countries in Latin America could be selected. Must they all be included? Must all the countries in Asia be included? Must all the countries in the Middle East be included? Certainly the Soviet Union does not do that. Where does the Soviet Union send its help? To the United Arab Republic, to Afghanistan—to countries that are close by, and that can be integrated into their security pattern.

But what do we do? Do we exercise selectivity? Oh, no; selectivity has been rejected, as has been stated in the testimony given before various of the congressional committees. Instead, the program is not to be selective. As a result, our assistance is going to 69 countries and 7 territories; and we have 11,000 persons scattered all over the earth, administering this program.

I think I would rather use a rifle than a blunderbuss, so to speak, in order to get something done in this field. But with \$8.8 billion, selectivity goes out the window.

We may even bring in Outer Mongolia, although I must say I was genuinely happy this afternoon when, after having made a statement on that subject quite a number of times, the State Department announced that it is not ready at this time to recognize Outer Mongolia. That is out where the winds of the Gobi Desert blow, where one hears the bleating of sheep and neighing of camels—9,000 miles from nowhere. And we want to recognize them. So I am glad that they are not to be recognized; but I am surprised that, somehow, they have not gotten into the program, because it is a pretty diffusive program.

But if we are not going to be selective, how effective, finally, is the program going to be?

It is not for me to make that determination. But it is for me, as a Member of the Senate, to examine the program every year, if I can, instead of depending on what I think are rather frothy safeguards in existing law today. In that way we can do a better job and can find out where the extravagance lies and where the waste is, so we shall be able to eliminate the extravagance and the waste, and so we shall be able to have the program be of help to the humble people who are supposed to be helped.

It was said, with respect to Korea, "We sent \$50 million worth of fertilizer there every year." But what happened, Mr. President? Why, Mr. President, deep as is my esteem and high as is my affection for Syngman Rhee, it had to happen, it seems, under his administration: \$50 million worth of fertilizer was given to the liberals of Korea because they were of the right party

persuasion. What they did not need they sold in the black market for two to six times the value.

Do Senators wonder why we have up-  
roars and eruptions and difficulty in Korea today, and why there has been a swap of three different governments in the past few months? Rhee was voted out. Chang was voted out. A new government went in. Instability runs riot. Could it be otherwise—particularly in a country where the testimony shows there are 300 unfinished ICA projects?

We ought to take a little time to read some of the testimony that has been adduced by hard labor and painstaking work on the part of our colleagues at the other end of the Capitol.

I gather that under the \$8.8 billion program there will be an emphasis on social reform. That will be good. I am thinking about Bolivia. Bolivia got an export-import loan in 1942, another one in 1949, and another one in 1955. The amount of the loans was \$42 million. I got this information yesterday from the Export-Import Bank. Bolivia got \$42 million. She received over \$150 million in foreign aid for a country of 3,300,000 people, which is a little less than the size of Chicago. So I thought we were doing pretty well by Bolivia.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Will the Senator yield me another 10 minutes?

Mr. FULBRIGHT. I have promised nearly all my time. The majority leader wishes to say a few words. I will yield the Senator 5 minutes. I have several other commitments.

Mr. DIRKSEN. I can only say it is regrettable, first, that the time situation is what it is, and that I do not have a couple of hours because I could keep the Senate here, but I know some of our colleagues must get away.

Let me finish the Bolivian story. They are delinquent on the loans and on the interest. What now? They nationalized the Patino tin mines. A certain individual put up \$1,750,000 to get the legislature to pass an act to give him a special dispensation to get a divorce. So a deal was made with the Patino mines to receive \$4,500,000 for the victims of the expropriation. Where is the money coming from? From us. We are supporting the Bolivian Treasury today. They are in a deficit situation, and have been for a long time. We have to shore them up. Here is an 8-year deal, \$750,000 a year, including interest. Who is to pay for the expropriated victims? The cost will come out of this money.

Mr. President, that is why I want to look. I will not be a party to that sort of business. Unless the program is oriented, I will not vote for the bill. It will be the first time in many years that I have not voted for a foreign aid bill.

I am proud of my party. Let us take a look at the votes. I recite these from memory. On the authorization and appropriation acts in 1959, the ratio on this side of the aisle was infinitely better than on the other. On the authorization and appropriation in 1960, it was better on this side than on the other side. So

I think we can hold up our heads with a degree of pride and say we stood up and supported the foreign aid bill. But finally, when we have testimony which makes it a pretty difficult thing to support the program, I will not further ignore that testimony.

Mr. President, I ask unanimous consent to include in the RECORD in connection with my remarks findings and recommendations of the Hardy committee made on Peru, Iran, and on Laos, concerning construction projects. There will be found the story. I ask Senators to take it with them. It will be a good campaign document when people come into a hall to hear them. They can say to them, "This is what happened," and tell them how they justify their vote.

The PRESIDING OFFICER. Is there objection to the request?

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### U.S. AID OPERATIONS IN LAOS

##### CONCLUSIONS

1. Giving Laos more foreign aid than its economy could absorb, hindered rather than helped the accomplishment of the objectives of the mutual security program.

2. Excessive cash grants forced money into the Lao economy at a faster rate than it possibly could be absorbed, causing:

(a) An excessive Lao Government foreign exchange reserve, reaching at one point \$40 million, equal to a year's aid.

(b) Inflation, doubling the cost of living from 1953 to 1958.

(c) Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

3. Much of the overspending is the direct result of a determination to maintain a 25,000 man Lao Army.

Determination of "force objectives" (the level or the number of troops needed for the security contemplated by the mutual security program) has always been considered a military decision for the Joint Chiefs of Staff and the Department of Defense.

In Laos, however, the decision to support a 25,000-man army with U.S. aid funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. This was a political decision in a military field. There is no evidence that it was essential to support a 25,000-man army. In fact, significant military opinion has suggested a force of 12,000 to 15,000.

4. A basic difficulty—undermining the success of the aid program in many ways and giving rise to the evils of speculation, profiteering and corruption—was the artificial, unrealistic "official" rate of exchange of 35 kip to the dollar, whereas the free market rate soared as high as 110 to \$1. It took the Department of State and ICA 4 years to overcome this difficulty.

5. The concentration of the benefits of the aid program to the area around Vientiane, and other centers of population, and the enrichment of, and speculation by, Lao merchants and public officials which attended the aid program, tended to lend credence to the Communist allegation that the Royal Lao Government was "corrupt," and "indifferent" to the needs of the people.

6. Neither the first Director of the U.S. operations mission (USOM), Carter dePaul, nor his successor, Carl B. Robbins, showed any clear awareness of the problems that confronted the program or any expertness in meeting them. The first evaluation group



that ICA/Washington sent into Laos (the Sessions group) made a report of which the main thrust was that the Director should be replaced, but this did not occur for 14 months, and then only by transfer tantamount to promotion. Robbins has stated that his mission was to "clean up the mess," but there is little indication that he did so.

7. Edward T. McNamara, public works and industry officer, accepted bribes totaling at least \$13,000 from Willis H. Bird and Gerald A. Peabody of the Universal Construction Co., in return for helping them secure lucrative contracts and overlooking deficiencies in their performance.

8. William E. Kirby, area transportation adviser, aided by dePaul's circumvention of ICA regulations, was instrumental in securing the award of a contract, for the supply of ferry barges, to the Hong Kong Transportation Co. Shortly thereafter, he was employed by its affiliate, Pacific Islands Shipbuilding Co. While the contract was being negotiated he was the recipient of \$500 from the Hong Kong Transportation Co. which has not been satisfactorily explained.

9. Brig. Gen. Lacey V. Murrow, U.S. Army (retired), head of the engineering firm of Transportation Consultants, Inc., was under retainer to Vinnell Co. at the same time that he was employed by ICA in Laos as an engineering consultant for the purpose of assisting in the selection of construction projects. During this period Vinnell Co. was seeking to obtain contracts with ICA in Laos.

10. (a) General Murrow discussed frankly this employment and retainer situation with the subcommittee. However, A. S. Vinnell, president, and Frank S. McNamara, vice president, of Vinnell Co., misinformed the subcommittee under oath concerning their relationship with Murrow.

(b) After an allegation that a conflict-of-interest situation existed in the Vinnell-Murrow relationship ICA's Office of Personnel Security and Integrity contacted Vinnell Co. by long-distance telephone in California, and also made a single, perfunctory, fruitless inquiry in Bangkok. They received from Vinnell a denial that any contract relationship with Murrow existed for the period in question. Accurate information concerning the relationship might have been secured from Murrow's office, located only a block or two away from ICA headquarters in Washington.

11. Norman McKay, an employee of Transportation Consultants, Inc., acting as consultant to the USOM, was instrumental in securing the award to Universal Construction Co. of a contract to construct a ferry ramp in Laos. Shortly thereafter, he went to work for Universal as project manager.

12(a) Carter dePaul, former USOM director, sold his 1947 Cadillac upon his departure from Laos to Gerald A. Peabody head of Universal at an inflated price. Uncontroverted evidence indicates the vehicle was at that time inoperable, and that shortly thereafter it was cut up and the pieces dropped down an abandoned well. In the interim, it had stood rusting in front of Universal's main office, where it was the subject of scornful amusement by Lao and Americans alike.

(b) In order to convert the proceeds of his sale to Peabody (the sales price was in kip), he presented false information to the Embassy as to the original cost of the car to him; of \$2,000 claimed, it is doubtful that more than \$1,250 can be supported.

(c) Asked to explain the false information he had submitted in his official claim, he presented misleading and conflicting testimony to the subcommittee under oath.

13. ICA/Washington was the recipient of continuing information from reliable sources—including GAO, end-use auditor Haynes Miller, contract management expert Howell, ICA auditor Edward Burns, a team from ICA's Office of Evaluation, and the Ses-

sions group—concerning the major problems plaguing the Lao program, alleged improprieties, and suitable corrective measures. No significant remedial action was taken.

14. In the light of all the evidence available, the conclusion is inescapable that Haynes Miller was "railroaded" out of Laos because he was close to discovering the truth about Universal, its bribes, its virtual monopoly of U.S. aid construction projects in Laos, and its woefully inadequate performance. The prime mover in ousting Miller was USOM Director Carl Robbins, acting on the basis of his confidence in Edward T. McNamara and the USOM controller, Harry Harting. Ambassador Parsons abetted this removal and lent it the color of his name and office.

15. In the light of all the evidence available, including documentation of the Lao Government's request for the continuation of the contract, the conclusion is inescapable that the Howell group was eased out of Laos because they were insisting that the U.S. aid program be subjected to proper controls. Under proper controls, improper activities would have become much more difficult.

16. As an instance of the lack of executive ability and informed alertness of USOM Director Carl Robbins, special note should be taken that, when asked to name a deputy, he made two nominations: Edward T. McNamara and William E. Kirby.

17. A costly aid project for training, equipping, and advising the national police force of Laos, so as to provide internal security and simple law and order, has been operating for more than 3 years. Although ICA sought to convince the subcommittee otherwise, there is no evidence to contradict numerous official reports from Laos that the project's objective is not near attainment. It is fortunate that by nature the Lao seem to be a peaceable people, not inclined to criminal behavior.

18. ICA/Washington took more than 18 months to negotiate a final signed contract for highway engineering services (with Vinnell). There was a period of 4 months of total inaction by ICA's Area Operations Division. As a result:

(a) Control of the road program passed from ICA/Washington to USOM/Laos.

(b) Officials of the USOM assisted and encouraged the development by the Universal Construction Co. of a virtual monopoly of U.S.-financed construction projects in Laos.

(c) Universal through the bribery of McNamara and the failure of other USOM/Lao officials to perform properly, was able to secure payments totaling over \$1.6 million for performance that was inadequate and did little to enhance the economy of Laos or the prestige of the United States.

19. USOM Director Carter dePaul violated ICA contract regulations in several important respects, particularly in relation to the Universal contracts. His actions included—

(a) Writing two contracts for a single job in order to evade the rule that a USOM Director cannot write a contract for more than \$25,000 without ICA/Washington approval.

(b) Writing contracts with inadequate specifications; one contract included a provision that the contractor (Universal) was not required to complete any work under the contract.

(c) On at least one occasion completely reversing the usual order of procedure; the work was started first; the contract came next; later (with the contract already signed) invitations to bid were issued; and finally ICA/Washington authorization (which should have preceded all other steps) was obtained.

20. ICA/Washington and, in particular, its Office of Personnel Security and Integrity, have failed to investigate promptly and dili-

gently charges of improprieties brought to their attention, even charges made by ICA's own personnel.

21. Laotian army pay raises in 1955 and 1959 have added \$3.8 million annually to the cost of the U.S. aid program in Laos.

#### U.S. AID OPERATIONS IN IRAN CONCLUSIONS

1. U.S. aid and technical-assistance programs in Iran which, between 1951 and 1956, totaled a quarter billion dollars, were administered in a loose, slipshod, and unbusinesslike manner.

2. The so-called expanded technical-assistance program which began in January 1952 and resulted in U.S. obligations of over \$100 million in a 5-year period, was neither technical assistance nor economic development, but an ad hoc method of keeping the Iranian economy afloat during the years of the oil dispute.

3. The expenditure of technical-assistance funds during these years was undertaken without regard to such basic requirements of prudent management as adequate controls and procedures, with the inevitable consequences that it is now impossible—with any accuracy—to tell what became of these funds. The resulting opportunities for waste and loss of funds were considerable, but the extent to which loss and waste actually occurred cannot be determined since management practices and control procedures were so poor that records of the operation, especially in the early years, are not reliable.

4. Amounts requested for U.S. aid to Iran seem to have been picked out of the air. There is no evidence that they were based on advance study of what the Iranian economy needed, the amount it could absorb, or programs which could be intelligently administered by the U.S. personnel available at the time to expend the funds.

5. The conduct of the U.S. operations mission's affairs appears to have been based on the assumption that as long as U.S. aid funds were spent promptly it was not a matter of great consequence as to what they were spent for. Members of the mission who openly objected to the uncontrolled nature of the operation were either disciplined or labeled as incompetent. To those familiar with the involved and time-consuming processes for financing public works in the United States, in whole or in part with Federal funds, the cavalier, freewheeling casual fashion in which huge sums of U.S. funds were committed in Iran must necessarily be shocking.

6. The participation of Iran in sharing the expense of the program appears to have been little more than nominal, and it is clear that, from the Iranian standpoint, the program's virtue was that it supplied a source of foreign exchange. It was not U.S. know-how but U.S. dollars which was Iran's chief gain.

7. Under the expanded operations begun in 1952, about \$10 million in direct aid was furnished for a series of industrial, or capital improvement projects. Under statutory criteria the eligibility of the projects is questionable. U.S. officials sought to justify these expenditures on the grounds that the various plants involved were not only badly needed for the economy of the country but would supply excellent demonstrations of the feasibility of such undertakings. However, the more important of these enterprises still are not fully operating after 4 years, due to poor planning and faulty engineering. Thus their value in terms of economic development has been almost nil, and as demonstrations they appear chiefly to be monuments to a fumbling aid program.

8. A major effort on the part of the U.S. mission in 1953 to promote the construction of a multi-million-dollar dam on the Karadj River has resulted in virtually nothing but



the relocation, at a cost to the U.S. Government of nearly \$3 million of a road around the proposed site while not only has there been no construction started on the dam, the Iranian Government has not even concluded a firm contract for its financing.

9. Among the programs undertaken was one of supplying nearly \$5 million over a 4-year period to support Iranian students who were completing their college training abroad. Involved in the program was a \$2 million subsidy, through a special exchange rate for dollars, to the well-to-do sponsors and parents of these students. The nature and scope of the program were not revealed to the Congress and the Comptroller General has ruled that the expenditure of technical assistance funds for this purpose was unauthorized.

10. On top of annual grants of about \$20 million for technical assistance, the United States began, in 1953, to supply supposedly temporary budgetary assistance to the Iranian Government at a rate of \$5 million a month. In spite of the alleged temporary nature of this increased aid, the United States has continued to make budget aid grants and loans at about this same rate for 3 years.

11. U.S. control over what Iran did with this budget aid was practically nonexistent and the subcommittee notes that Iranian budget deficits increased rather than decreased during this period.

12. U.S. aid, alleged to be granted on the basis of austerity levels of Iranian Government expenditures, was utilized to pay for many extraordinary items, like the payroll of the National Iranian Oil Co. The fact that these items had not previously been considered appropriate charges against the Government budget casts doubt upon the propriety of treating them as budget items to be supported with U.S. aid dollars.

13. Whatever Iranian efforts may have been made to solve their own difficulties through appropriate reforms in Government spending and tax collection, their successes in this regard do not appear to have been noteworthy during the period when U.S. aid was financing Iranian budget deficits.

14. Iran's oil revenues are, and have been for some time, adequate to finance both the Government's operating budget and their ambitious development plan. Thus, their chronic budget deficits appear to be an outgrowth of financial management methods rather than lack of resources.

15. A factor in continued U.S. aid appears to be an aversion on the part of Iran to receive help in the form of U.S. loans, even though such loans are feasible and Iran is in a good position to repay them.

16. Each year's allotment to Iran has been justified as a temporary measure for a given set of reasons which have changed each year while the level of aid has remained about the same throughout. Presentations to the authorizing and appropriating committees of the Congress have been vague and misleading. This may be due, in part, to the paucity of factual information available to those testifying before the committees of Congress. It may also be due to awareness that a clearer picture would have led Congress to reduce the program by eliminating items of expenditure which could not be reasonably justified.

17. Program presentations to the Congress have consistently failed to point out that Iran was and is an essentially solvent country.

18. The use of the so-called illustrative method of presenting budget requests to the Congress is a major factor in the almost complete loss of control by the Congress over spending in this type of program. Under this system the Congress is given a description of a hypothetical program which might be carried out if requested funds are furnished. However, when funds are granted

by the Congress, there is no commitment by the executive branch to expend them for any of the activities used as hypothetical illustrations.

19. Congressional control over expenditures in this type of program is further defeated by the fact that information supplied Congress on how funds granted on the illustrative basis were actually spent consistently omits the elementary facts needed for an intelligent postaudit.

#### RECOMMENDATIONS

The subcommittee recommends—

1. That the Congress give concentrated attention to the entire problem of foreign aid with a view to determining the extent to which it has departed from its economic role and has become a vehicle for dealing with diplomatic problems simply by writing out annual checks drawn on the U.S. taxpayer.

2. That the Congress require the Department of State and the International Cooperation Administration to take whatever measures are necessary to reverse the present pattern of deciding on dollar commitments first and actual programs and projects later. Requests for aid and technical assistance funds should be more closely scrutinized before they are authorized and appropriated. To this end the Congress should require the executive agencies to make their requests and their supporting presentations earlier in the session to avoid dealing hastily with these programs in the hectic days at the end of a session. The congressional committees should require detailed factual information in justification of sums requested and should abolish the practice of presenting "illustrative programs."

3. That the Department of State and the International Cooperation Administration obligate aid funds to specific programs only when definite provision has been made for the timely availability in the field of sufficient competent personnel, both technical and administrative, to assure proper and efficient conduct of these programs.

4. That the Congress require detailed and meaningful reports of how local currency generated by the U.S. financed imports was actually expended within the recipient country. Reports which show merely what commodities were bought in the United States tell only half the story. Such reports should be required in sufficiently clear terms to allow congressional judgment to be exercised on the efficiency and economy of such expenditures.

5. That the Congress require unequivocal and frank reports from the Department of State and the International Cooperation Administration on the extent to which aid-receiving countries can and do help themselves. U.S. funds should not be used to finance projects which foreign governments are able to finance themselves. Where the program can be handled as a loan it should not be given as an outright grant. Grants should be pared to the minimum with the maximum portion of the program financed by the country receiving the benefit.

6. That the General Accounting Office establish and require the use of accounting systems by the International Cooperation Administration which will insure accurate end-use accounting for the expenditure of foreign economic aid funds. The General Accounting Office should also expand and strengthen its audits of economic aid expenditures to assure timely, accurate, and fully detailed reports to the Congress.

7. That the Department of State and the International Cooperation Administration identify the individuals responsible for the waste and lax administration described in this report and take prompt action to insure that they shall no longer occupy positions of trust and authority in the expenditure of U.S. aid funds.

#### U.S. AID OPERATIONS IN PERU

##### CONCLUSIONS

##### 1. General

The principal deficiencies in the U.S. aid program in Peru, during the period 1955-58, stem from the combination of an entrenched USOM Director who did not measure up to his responsibilities, and the failure of ICA/W to exercise supervision and control over his activities.

##### 2. Drought relief

There is no competent evidence in the form of end-use checks, audits, or other documentary proof to support the claim of the Department of State and ICA, that a \$14 million drought relief program achieved the objectives which would normally be expected of a program of this nature.

As a result of poor advance planning and inadequate U.S. supervision, much of the food that was brought in remained undistributed at the end of the drought.

(a) The USOM Director divested himself of responsibility for this program by turning over its administration almost entirely to the Peruvian Government, without the knowledge of ICA/W, and in the face of a warning by the then U.S. Ambassador (Ellis O. Briggs) that the local government lacked the experience and facilities to cope with a program of such magnitude.<sup>1</sup>

(b) Although Department of State and ICA files indicate that the primary purpose of this program was the feeding of hungry people it cannot be determined how much of the food provided actually reached drought victims. Less than 6 percent of the food was distributed free in the drought area (almost as much was lost or damaged from various causes).

(c) The food supplied was practically all grain, and at least one-third of this was sold to millers and distributed through normal commercial channels. Whether any of this reached drought victims cannot be determined from the testimony of State and ICA witnesses or from any documents they submitted.

(d) Almost 25 percent of the food provided remained undistributed at the time the drought was officially declared over by the Government of Peru; almost one-half of this amount still remained in the warehouses a year later.

(e) Although the United States and Peru had agreed that Peru was to bear the administrative expenses of the drought program, Director Neale, without the knowledge of ICA/W, advised the Peruvian Government to charge such expenses as though they were work relief project operating expenses. This unauthorized action precluded the United States from recovering the funds involved and substantially reduced the funds available for the key work relief feature of the drought program.

(f) Although USOM Director John R. Neale had received instructions to obtain ICA/W approval of projects proposed by the Gov-

<sup>1</sup> The food for relief programs of this nature in any country is provided by the U.S. Government under Federal statutes. The U.S. operations mission should provide such guidance as is needed by officials of the host country to assure distribution and utilization of the food in a manner best suited to achieve the purposes for which the program was established. In this connection, the jurisdictional concern of the subcommittee is solely the performance of U.S. personnel, and we neither seek nor evaluate information regarding the performance of any foreign official. In the instant case, we have not deviated from this practice; none of the criticisms in this report should be construed as relating in any manner to the conduct of the Peruvian Government or any of its officials.



ernment of Peru to be financed with the sales proceeds, he failed to do so.

(g) Sales of grain generated the local currency equivalent of \$3,600,000. Such sales were authorized by the agreement between the United States and Peru, providing that such funds were to be used to pay the wages of drought victims employed on work relief projects. However, as a result of Neale's failure to carry out his duties as USOM Director, at least 60 percent of the sales proceeds were used improperly, that is, contrary to the uses contemplated when this program was inaugurated. The lack of adequate USOM and ICA/W records makes it impossible to determine what portion of the balance may also have been improperly used. An instance of improper use was the unapproved construction of eight houses at Puno and their sale, below cost and on an installment basis, to prominent persons in the town.

### 3. Road project

(a) Although funds for this construction were obligated with excessive haste, a period of over a year intervened between obligation and construction. This period could have been used to select a terminus suitable for the purpose intended and to plan a proper route.

(b) In fact, such planning did not occur, and the route had to be changed after the commencement of construction. Washington was not advised of this change until this fact was uncovered by an ICA/W auditor.

(c) The road finally constructed under this loan ended in the middle of nowhere—"on the side of a mountain"—at a point about halfway along the projected route, where the project ran out of funds.

### 4. Pampas de Noco

A \$125,000 irrigation project built at Pampas de Noco does not irrigate.

(a) The significance of this particular failure lies in the stubbornness with which USOM Director Neale continued the project even after he had received competent technical advice that the project was not feasible.

(b) The reason the project was not feasible seems incredible, in any properly planned irrigation project—it was simply that there was not enough water available in the area to make use of the projected irrigation works.

### 5. Conflict of interest

USOM Director John R. Neale entered into a conflict-of-interest situation for personal profit when he organized and invested in the corporation, Negociacion Bazo Velarde, S.A., for the purpose of operating a farm which was receiving aid under the U.S. program. He failed to inform his superiors of his participation in this operation.

(a) Neale testified contrary to the facts in his appearance before an ICA hearing board.

(b) ICA/W had information which should have compelled the pursuit of an inquiry into possible conflict of interest on the part of Neale for some 4 years before effective action was finally taken.

(c) Even at Neale's administrative hearing, where the record clearly demonstrated that Neale was in fact in conflict of interest, both Regional Director Atwood and Ambassador Achilles persisted in impressing upon the board their beliefs that Neale was simply a victim of spite on the part of complainants.

(d) The hearing board which considered Neale's conflict of interest and recommended his separation apparently did not pursue the matter beyond the point required for this minimal decision. The investigator upon whose findings the hearing was based was not called by the board.

(e) The only witnesses heard by the board, other than Neale, were Atwood and Achilles, who testified as character witnesses for Neale. Although neither appeared to have any knowledge of the actual facts, each ren-

dered a strong endorsement; in their positions they should have known the facts, or, at least, have informed themselves before voicing opinions.

(f) ICA/W investigative personnel, Thomas E. Naughten, Michael Ambrose, Robert L. Shortley, and Charles A. Gannon, all demonstrated a peculiar disinterest in determining the validity of charges made concerning Neale's conflict of interest. This performance, inconsistent with what appears to be adequate investigative experience in the backgrounds of these men, points to a conclusion that ICA did not require, nor did they employ their best talents.

### 6. Internal audits

A lack of adequate internal audit facilities contributed to the difficulties experienced with the program in Peru, since the USOM was frequently unaware of developing difficulties for substantial periods.

(a) The failure of the USOM to submit, or ICA/W to request, the submission of such internal audit reports as were made indicates a high degree of laxity at managerial levels both in Washington and in the field.

(b) There were no end-use checks made of the drought program.

(c) ICA/W, on the basis of information from various sources, could have taken action to correct this situation. The special audits issued in March 1960, however, did not come about as a result of routine administrative control procedures, but because ICA/W became aware of congressional interest in the charges leveled against the program by former USOM Deputy Director Samuel Coon.

(d) Even subsequent to the special audits, the USOM resisted for over a year the recommendation of an ICA/W auditor that a full-time American auditor be assigned to USOM/Peru.

### Poor supervision

Rollins S. Atwood, Regional Director, Office of Latin American Operations, ICA/W, did not properly perform his functions as the official primarily responsible for the effective operation of the U.S. aid program in Peru.

(a) He had adequate basis for questioning the quality of the administration of the aid program in Peru, but failed to take corrective action.

(b) He had ample indications that Neale was involved in a conflict of interest situation but failed to pursue inquiries that could have established the facts.

(c) His conduct in office and his testimony before the subcommittee were characterized by a defensive rejection of all suggestions that Neale's performance might in any manner fall short of acceptable standards.

### Unawareness of Ambassador

Ambassador Theodore C. Achilles, in his appearances before the subcommittee, demonstrated important gaps in his knowledge of the activities of his subordinates during the period when he served as Ambassador to Peru.

### Investigative shortcomings

The Office of the Inspector General and Comptroller and its predecessor, the Office of Personnel Security and Integrity, ignored serious charges and delayed action in cases where prompt and adequate investigation might have proved embarrassing to ICA, the USOM, or to Neale.

(a) The act of former P.S. & I. Director Thomas E. Naughten<sup>2</sup> (in which there was participation by Charles A. Gannon and Robert L. Shortley) in changing the name of a file, and the focus of investigation, from Neale to that of a complainant, Dr. Raymond Gibson, demonstrates an unfortunate bias and tendency toward prejudgment.

(b) USOM/Peru Deputy Director Coon tried for over a year to get action from re-

sponsible ICA officials on his charges of Neale's maladministration in Peru, only to get rebuffs from ICA Director Smith and Regional Director Atwood. It was not until it became known that he was to appear before a congressional committee that P.S. & I. was finally directed to investigate Coon's charges.

(c) After failing for over a year and a half to make any substantial inquiry into charges that a USOM employee had improperly profited from the sale of some \$42,000 in surplus grain sacks, OIGC finally reopened the case, 1 day after this subcommittee had expressed an interest in the matter.

### RECOMMENDATIONS

It is recommended:

1. That administrative action be initiated to prevent USOM directors and other key overseas personnel from becoming entrenched, as Neale did when director in Peru. Consideration should be given to developing, publishing, and adhering to a rotation policy limiting the tours of duty of such personnel.

2. That before proceeding with any project, USOM directors be required to submit to Washington evidence of its technical and economic soundness, since roads that lead nowhere and irrigation projects that do not irrigate have a reverse impact on U.S. policy objectives, and add little or nothing to the economy of the recipient country.

3. That policies and procedures for the administration of surplus agricultural commodity programs, such as the drought relief program in Peru, be developed, published, and adhered to, including clear provisions relating to distribution, accounting, and accountability.

4. That investigative and audit functions concerned with the aid program be improved, either through administrative action or legislative requirement, to guarantee the independence of such functions from interference by administrative officials. In this connection consideration should be given to—

(a) Making the investigative and audit division chiefs directly responsible to the most senior aid officials and to no other administrative officials;

(b) Giving individual auditors and investigators the right and requirement to report immediately in writing to their division chiefs any action or communication from any administrative official tending to obstruct or restrict the investigation or audit;

(c) Requiring the division chiefs to forward such reports to the most senior aid official without delay;

(d) Requiring division chiefs to report to the senior aid official, on a periodic basis, a record of the closing or other disposition of audits and investigative cases (other than routine security clearances) together with detailed reasons for the closing or suspending of unresolved cases.

5. That the usefulness of internal mission audits and end-use audits be increased by requiring copies of them to be forwarded to the most senior aid officials, simultaneously with their submissions to mission directors.

### FINDINGS AND CONCLUSIONS

1. Executive branch representations have been made to the Congress to the effect that—

(a) No advance annual allocations of DLF funds are made;

(b) No commitments of DLF funds are made prior to approval by DLF of specific projects; and

(c) DLF funds are not used to meet short term or emergency political needs.

2. These inaccurate representations, even if inadvertently inaccurate, have had the effect of veiling the manner in which DLF funds have actually been used.

<sup>2</sup> Present USOM director in Thailand.



3. Dominance of the DLF by the Department of State has interfered with the independent action, in evaluating and accepting loan proposals, which this new agency was expected to exercise.

4. In many cases, DLF has not followed the congressional intent that order be brought into our efforts to assist the economic development of less-developed nations, and has failed to bring to that phase of the U.S. foreign aid program the businesslike approach which it was designed to foster.

5. DLF was established as a separate agency in order to emphasize the distinction between its purposes and those of other portions of the mutual security program concerned primarily with the promotion of foreign policy or foreign trade. The distinctiveness of the DLF has been lost through recent policy changes, and true independence for the DLF is not possible while the Under Secretary of State chairs the DLF Board. Maintaining DLF as a separate agency costs the American taxpayer currently about \$2 million a year; it is difficult to justify such an expenditure merely to preserve a facade.

6. Although the statute creating DLF does not spell out with precision all of the limitations on DLF financing, it is clear from the legislative history that the DLF is to be used only for projects and programs. The specific project is the cornerstone of proper DLF activity.

(A project, in the sense in which that term has heretofore been understood in connection with the foreign aid program, refers to a specific identifiable proposal, such as the construction of a dam, of a highway, or of grain storage facilities, the eradication of disease, or the provision of specialized training; and a program is a series of specific identifiable and related projects.)

7. Concerned about the commitment of funds in the absence of specific, planned projects, the Congress last year made applicable to the Development Loan Fund section 517 of the Mutual Security Act, which precludes the obligating of funds until a project has been submitted to careful screening to determine its technical and economic feasibility. However, DLF has interpreted "obligating" in a strict, technical sense and maintains that this statutory prohibition does not preclude what is variously known as the earmarking, reserving, committing, or allocating of funds.

8. Earmarking (or its synonyms) refers to a practice of setting aside funds for a particular government, subject to the later approval by DLF of projects or programs. Because of the anticipation thus set up in the recipient government, earmarking has led in a number of instances to the approval of loans for purposes that cannot possibly be construed as "projects" in the sense in which that term is defined above.

9. Earmarking places DLF under extremely strong pressure to approve something as rapidly as possible, whether the subject of approval be properly planned or not. Once the recipient governments have been promised aid in a certain amount they have been known to take the view that DLF is merely being bureaucratic if it scrutinizes too closely the use to which that aid is to be put. The following examples indicate some of the evils that have resulted:

(a) Approximately 25 percent of all monies available to the DLF in fiscal years 1958 and 1959 went to India—\$195 million, of which \$175 million was in the form of two earmarks. Not one dollar of this money was restricted to use in any identifiable, planned project. Instead, it constituted simply a "line of credit" to India, which the Government of India used, for the most part, to pay for orders already placed before the loan had been approved. Retroactive approval of orders already placed is essentially of the

same character as the retirement of debt, which is prohibited by section 516 of the Mutual Security Act.

(b) Largely as a result of DLF's permitting this retroactive approval of orders already placed, there was widespread avoidance of the statutory small business and 50-50 shipping provisions, and documentation for expenditures was accepted which was not up to the standards generally required.

(c) A \$37.5 million earmark to Turkey led to a situation in which the DLF found it virtually impossible to deal with the Government of Turkey on a businesslike basis concerning particular projects because of that Government's belief, apparent from the official record, that the promise of the Secretary of State had already bound DLF, and that the insistence upon project information was a purely formal requirement.

(d) A \$40 million earmark to Iran placed the DLF Board in the position, as documented in its own minutes, of trying to evaluate Iranian-proposed projects in terms of whether they "fitted" the earmark, rather than whether they benefited the Iranian economy.

(e) A \$50 million earmark to the Republic of the Philippines, promising "soft" DLF loans, interfered with negotiations by the Export-Import Bank to accomplish similar purposes through "hard" (dollar-repayable) loans.

10. In addition to the problems generated by earmarking, the DLF has demonstrated other administrative shortcomings and policy deviations. The provision of DLF funds for the payment of local costs, for example, is contrary to the expressed policy of DLF. The policy, however, was violated in the very first loan agreement signed by the DLF—a highway loan to Honduras in the amount of \$5 million.

11. In the case of Honduras, the DLF also violated a precept of commonsense, garnered from the history of over a decade of the operation of the U.S. foreign aid programs, that the procurement authorization procedure, under which dollar-purchased goods are imported to the recipient country and there sold, is a preferable way to generate local currency when the same is required. In Honduras the loan agreement provides for the direct purchase of \$5 million equivalent of local currency from the Honduras national bank. It was precisely this procedure which, in Laos (as reported last year by this committee), led to currency manipulation, inflation, and increased costs for the aid program.

12. In Israel, a loan of \$15 million for simple commodity imports (not projects) was sought to be justified on the basis that the local currency proceeds would be used on various projects. The Bureau of the Budget objected to this, pointing out that the U.S. Treasury holds ample quantities of Israeli pounds, if these were needed. Israel's original request, however, was for dollars, and not for pounds. In order to meet this request, the loan was finally approved in April 1958, without reference to any project, but merely with the restriction that the Israelis must "come up with" a list of imports acceptable to DLF. The Israelis are still in the process of doing so.

13. In the foregoing and other instances, pressure for rapid disbursement is continually exerted upon DLF by the Department of State. This has seriously interfered with businesslike administration. In the case of Iran, for example, the Department of State pressed for disbursement within a single year of the entire \$40 million, despite repeated assurances to the Congress by executive branch officials that the DLF was not bound by the much-criticized "annual level of aid" concept.

14. In summary, the practice of earmarking, and other departures by the DLF from stated and understood policy, have resulted

in substituting for the primary purpose for which DLF was established—orderly economic development—the State Department's dollar-studded concept of international diplomatic negotiation.

#### PRINCIPAL RECOMMENDATIONS

1. That the Development Loan Fund carefully reappraise its lending policies and operations in order to insure that it fulfills its primary purpose of instilling order into our efforts to assist in the economic development of the less-developed nations, that its functions truly supplement those of other lending agencies, and that its resources are used only for specific projects and programs, properly evaluated in advance.

2. That the Department of State limit its activities to foreign policy guidance and not intrude excessively into the operations of the Development Loan Fund, and that it not impress its politically motivated commitments upon the Fund, but permit the Fund that independence of operation necessary to carry out the mission assigned to it by the Congress.

3. That the Congress consider appropriate legislation to put an end to the practice of "earmarking," under whatever name.

4. Unless the DLF adopts policies and procedures to correct the deficiencies outlined in this report, it is recommended that the Committee on Foreign Affairs consider reporting legislation to require such corrections, or to abolish the Development Loan Fund and transfer its functions to other agencies which have the capability to perform them.

#### FOREIGN AID CONSTRUCTION PROJECT

##### FINDINGS AND CONCLUSIONS

The administration of major construction projects in the foreign aid program, by the International Cooperation Administration, has been inadequate, indifferent, and incompetent.

##### Deficiencies include—

1. Inadequate advance planning.
2. Defective standards and procedures for the award and administration of contracts.
3. Indifference to "conflicts of interest."
4. Incompetent supervision of the procurement of construction equipment.
5. Poor coordination between field missions and Washington and among divisions in Washington having responsibility with respect to construction projects.
6. Excessive reliance on political urgency to excuse deviations from sound procedures.

As a consequence, achievement of the objectives of the foreign aid program has been impeded, the cost to U.S. taxpayers has been increased, and the dignity and prestige of the U.S. Government abroad have suffered.

##### 1. Inadequate advance planning

(a) A complete lack of sound planning, coupled with inefficient and inept procedures, has characterized the foreign aid projects carried out under construction contracts.

(b) The cost of major projects commonly exceeds original estimates to such an extent as to render such estimates of doubtful value.

(c) The inaccuracy of original estimates generally stems from a lack of sufficient planning and forethought.

(d) Lack of planning, generally explained by ICA as intended to speed projects, frequently results in extensive delays and extended completion dates, thus defeating the original purpose.

(e) Engineering and construction contracts, in the case of capital projects, are frequently let concurrently, or so close together that there is no opportunity for engineering appraisal of design, scope, and costs to precede evaluation of the construction bids.



## 2. Defective standards and procedures for the award and administration of contracts

(a) ICA has let nearly a billion dollars in contracts without clearly formulated standards for their award and administration.

(b) The almost exclusive use of the CPFF (cost-plus-a-fixed-fee) method of contracting by ICA is a departure from the normal Government procurement practice of soliciting lump-sum bids in construction contracts.

(c) The excessive use of the CPFF contract appears in large part attributable to the absence of preliminary plans and estimates sufficient to provide a basis for lump-sum bids by construction contractors.

(d) Present third-party contract procedures, under which ICA operates as an "agent" of the host country, are cumbersome and frequently result in costly delays.

(e) The present methods by which ICA determines which contractors will be invited to submit proposals or bids are random and haphazard in the extreme, lacking in essential fairness and equity.

(f) The bases for awarding ICA contracts are lacking in clarity and standardization. Different offices in the agency employ different, and variable criteria.

(g) Contract documents are insufficiently standardized, particularly as they relate to benefits for personnel of the contractors.

(h) ICA mission engineers exercise only a peripheral role. There is virtually no supervision by ICA of either the engineering or construction contractors. The natural community of interest between these contractors is ignored, which opens the door to possible collusion.

## 3. Indifference to conflicts of interest

(a) ICA Manual Order 460.3, designed to prevent conflicts of interest which might arise out of employment of ICA personnel by firms doing business with ICA, has been interpreted and applied by that agency in a manner which renders it ineffective as a safeguard of the Government's interest in the integrity of its employees.

(b) Except to provide information requested by this subcommittee, ICA has made no investigation of the following situations:

1. The former USOM/Thailand Chief of Public Works and the highway engineer acted with questionable propriety in discussing their prospective employment with the engineering contractor for the Thailand Northeast Highway while still engaged in supervising for ICA that contractor's performance.

2. The president and the project manager of the engineering firm for the Thailand Northeast Highway acted improperly in discussing future employment by their firm with USOM/Thailand personnel engaged in supervising the performance of their contract.

3. The engineering firm for the Thailand Northeast Highway knowingly accepted from USOM/Thailand personnel numerous official documents they had no right to receive. USOM/Thailand personnel acted improperly in delivering these documents and in passing on to the engineering firm official ICA information and inside tips.

(c) The USOM director in Thailand, in official correspondence with ICA/W, raised a question as to whether the employment of the former ICA public works officer in Laos by an engineering firm seeking to do business with ICA constitutes a possible "conflict-of-interest" case. ICA made no investigation of this matter until prompted to do so by the subcommittee.

(d) A member of the Office of Industrial Resources of ICA/W, which passes on the relative merits of engineers and other potential contractors, submitted a résumé of his experience to the principal officer of an engineering firm seeking to do business with ICA in the expectation that this would help him to obtain non-Government employment.

## 4. Incompetent supervision of the procurement of construction equipment

(a) ICA permitted the construction contractor on the Cambodian road to purchase about \$1 million of used equipment from himself. Approval of this unusual procedure was based on the contractor's assertions that similar new equipment was not available. As ICA could have determined by prudent checking, this was not the case.

(b) Having approved such a procedure, with its considerable possibilities for dealings disadvantageous to the Government, ICA failed to exercise even normal prudence in policing the transaction, when in fact, commonsense called for extraordinary vigilance. As a result, the following matters occurred, all contrary to the Government's interest:

1. The engineering firm for the Cambodian highway project conducted a most cursory and superficial "inspection" of the used equipment. Its report to ICA—that the equipment was in good condition—relied upon the construction contractor's (seller's) oral representations. In fact, within a few months of arrival in Cambodia, 14 of the 40 pieces of used equipment were in the shops for complete rebuild.

2. The construction contractor for the Cambodian highway project sold his used equipment to ICA at a price substantially higher than that at which he had been offering it—unsuccessfully—on the world market for 6 months previously.

3. The construction contractor for the Cambodian highway project ignored ICA requirements to report commissions on the sale of his used equipment. Moreover, the persons to whom these commissions were paid had rendered no service to the Government.

4. Immediately prior to the sale of his used equipment, the construction contractor for the Cambodian highway transferred it through wholly owned corporate structures, including a newly formed Liberian corporation. As a result of this, neither he nor his corporations have paid any Federal or State income taxes on a profit which appears from his books to have approximated \$500,000.

## 5. Poor coordination between field missions and Washington, and among divisions in Washington having responsibility with respect to construction projects

(a) Offices within ICA/W, sharing responsibility for major construction projects, are seldom fully cognizant of one another's actions.

(b) Field missions are not fully and promptly apprised of ICA/W actions, and vice versa. As a result, conflicting policy lines may be pursued for considerable periods. Field missions have also had abundant occasion to complain of slowness in arriving at decisions by ICA/W.

(c) Delay in reaching decisions seems closely related to the diffusion of responsibility which exists within ICA/W, typified by the extensive reliance upon committees for decisions.

(d) As a result of diffusion of responsibility:

1. It is seldom possible to attribute an error to any particular person(s).

2. Records are scattered throughout numerous offices.

3. Coordination of effort is frequently lacking since it is no one's particular responsibility.

## 6. Excessive reliance on political urgency to excuse deviations from sound procedures

(a) The alleged justification for initiating projects without adequate prior planning is almost always political urgency.

(b) The alleged justification for almost any deviation from sound procedure is political urgency, as this subcommittee and the General Accounting Office have learned on numerous occasions.

(c) The ICA Deputy Director for Technical Services and his deputy exceeded their authority and acted with impropriety when they invaded the province of the Department of State and invited the Director of USOM/Thailand to develop a political basis for justifying the award of a contract to an engineering firm of the mission director's choice, whose proposal had been eliminated in the normal contractual process on the basis of high fees and overall costs.

## RECOMMENDATIONS

It is recommended:

1. That ICA undertake a major review of its policies and procedures for the award and administration of contracts to achieve the following objectives:

(a) Equitable consideration of eligible contractors.

(b) Clear, commonly accepted standards for selecting a contractor.

(c) Minimum use of the cost-plus-a-fixed-fee contract.

(d) Increased standardization of recurrent contractual language.

(e) Modification of present third-party contract procedures to minimize delays and uncertainties.

2. That ICA review its methods of procuring construction machinery for capital projects, in order to:

(a) Employ the more economical Government procurement facilities to the maximum possible extent.

(b) Apply strict supervisory safeguards, whenever Government procurement facilities are not utilized.

(c) Exercise extraordinary care in protecting the Government's interest, where the purchase of used equipment is authorized.

(d) Establish and enforce, in the field, a sound policy of equipment inspection, maintenance, and utilization.

3. That ICA refrain from proceeding with projects on its own initiative in the absence of sound, detailed advance planning. In those occasional instances where, at the express direction of the Department of State, it may be necessary to commence action on a project before planning is complete, ICA should strive to get the project back on a businesslike basis at the earliest possible moment after its inception, against the possibilities that:

(a) The scope of the project will be entirely changed from its original concept;

(b) The cost of the project will far exceed initial rough estimates;

(c) The completion time will greatly outdistance initial rough estimates; and

(d) The strong probability that as a result of one or more of the foregoing eventualities, the project undertaken on an urgent basis will actually be completed less expeditiously than if reasonable planning had preceded it.

4. That the Department of State reexamine all ICA projects or nonproject activities alleged to be based on political urgency, or other policy grounds, in order to determine that in fact the political determinations involved represent the considered views of that Department and not a usurpation by ICA. Such a reexamination should consider not only instances in which ICA may have been responsible for a unilateral policy decision, but also those in which ICA personnel may have been responsible for generating political support within the host government.

5. That ICA make certain that periodic audits are conducted in the field, by competent engineering personnel, to determine the technical competence and performance of construction and engineering contractors.

6. That ICA immediately inquire into all instances, including those brought to its attention by this subcommittee, of the unauthorized passage to private contractors of official documents, communications, and in-



formation, and take suitable action to discipline offenders and prevent recurrence.

7. That ICA strengthen its program of personnel integrity, to avoid conflicts of interest and to compel observance of its regulations relating thereto.

8. That the General Accounting Office, the Department of Justice, and the Internal Revenue Service review the facts and circumstances referred to in this report, and in the subcommittee's hearings, to determine if any action by them is required in order to protect the Government's interest.

JUNE 4, 1959.

The Honorable J. WILLIAM FULBRIGHT,  
U.S. Senate, Washington, D.C.

DEAR SENATOR FULBRIGHT: Your letter of May 25, 1959, outlining proposed amendments to the Mutual Security Act of 1959 relating to the Development Loan Fund, has been carefully analyzed in the executive branch.

As my earlier recommendations and more recent public statements have indicated, I have always thought, as you do, that it is desirable to put the Development Loan Fund on a long-term basis in order to insure the best planning and utilization of economic assistance through this program. However, before commenting on your specific amendments, it seems appropriate to review the recent history of U.S. aided means of capital development.

In my mutual security message transmitted to the Congress on May 21, 1957, I requested that the Congress establish a Development Loan Fund "to finance specific projects and programs which give promise of contributing to sound development \* \* \* of long-term benefit to the borrowing country." I noted that "such loans should not compete with or replace such existing sources of credit as private investors, the International Bank, or the Export-Import Bank." Since this request, a number of significant developments have occurred.

In 1958 the resources available to the Export-Import Bank were increased by \$2 billion. This assured a continuity of activity and made available funds for a high level of operation by this important lending institution.

There is now before the Congress a proposal to provide an additional U.S. subscription of \$3.175 billion in guarantee authority to the authorized capital of the International Bank for Reconstruction and Development, as our share of a 100-percent increase in the Bank's authorized capital. If approved by the Congress this will enable the International Bank to raise through sales of its bonds to private investors, the funds required if it is to continue its operations in the field of development financing at a rate which is constantly growing, and now exceeds \$700 million per year. The Bank has not called upon the U.S. Government for any cash outlay since the initial capital subscription was completed in 1947.

We have recently requested Congress to authorize U.S. membership in the Inter-American Bank which will have total resources of \$1 billion, of which the United States would subscribe \$450 million, with \$200 million of this being in the form of guarantees. There also is pending before the Congress an increase of 50 percent in the resources available to the International Monetary Fund, which provides short-term financing for countries with temporary balance-of-payments problems and endeavor to help these countries correct the financial policies that have led to their exchange difficulties.

In addition, we are actively consulting with other countries looking toward the establishment of an international development association which will provide a continuing organization for development financing on a multilateral basis. In this institution the

cost of financing will be shared with other industrial nations on a continuing basis.

In combination with the Development Loan Fund, these lending activities provide a formidable array of resources to assist in the development of the free world.

Your proposed amendments to the Mutual Security Act of 1959 would make available to the Development Loan Fund, commencing in fiscal 1960, not to exceed \$1.5 billion per year for 5 years by a public debt transaction.

I have asked Congress for an authorization and appropriation of \$700 million for the Development Loan Fund in fiscal 1960. In my opinion a sum of this general magnitude is adequate to carry forth this vital part of our international program for the next year. Establishing a figure approximately double this amount for fiscal 1960 seems unwise, and I would hope that in succeeding years the rapid advance in the economic and financial strength of other industrial countries, particularly in Europe, will lead them to conclude that it is their interest and in that of the free world to provide a growing volume of financing for the less-developed areas. I would be most reluctant to predicate our action now on an assumption that this would not occur.

In my budget message this year, because of the growing tendency to bypass the appropriations procedure, I said, "I sincerely hope that the Congress will again consider ways by which it can more effectively overcome \* \* \* the provision of new obligational authority outside of the appropriations process \* \* \*". This is now established administration policy, and recommendations of previous years for spending from debt receipts that were made while such policy was being formulated must yield to it. Accordingly I do not look with favor upon the provisions of your amendments which authorize the Development Loan Fund to borrow from the Treasury.

I believe our common objective can best be accomplished through a long-term authorization of appropriations in reasonable amounts, together with the concurrent enactment in one appropriation bill of appropriations for each of the years for which the program is authorized—a specified appropriation for each year, each appropriation to remain available until expended.

While this procedure would not provide the full measure of flexibility now given the Export-Import Bank and the International Bank, it must be remembered that the purpose of the Development Loan Fund as described in its basic statute is to make loans only when other sources of private and public capital are not available. Many of its loans are repayable in the currency of the borrower. As a consequence, this fund cannot "revolve" in the same manner as do those of other lending institutions. However, a multiple-year authorization and appropriation should enable the Development Loan Fund to put its operations on a satisfactory long-term basis, the goal we both are seeking.

I appreciate your sincere interest in this vital program. With a mutual objective, we should be able to develop acceptable programs to aid and develop the free nations of the world.

Sincerely,

DWIGHT D. EISENHOWER.

#### EISENHOWER MESSAGE ON MUTUAL SECURITY

In the light of these findings, I recommended to the Congress and it established the Development Loan Fund, an agency of the U.S. Government especially designed to advance loans on a businesslike basis for sound projects which cannot find financing from private or established governmental sources.

The Development Loan Fund in its little more than a year of active operation has established the sound and useful position

that was foreseen for it. In this short time it has taken under consideration \$2.8 billion in screened requests for loans. It has later determined that some \$600 million were unacceptable or more appropriate for private or other public financing. Of its total capital of \$700 million thus far made available by the Congress, it had by mid-February 1959, committed \$684 million for loans to projects in 35 countries. For all practical purposes it is now out of funds for further loan commitments and has before it applications totaling over \$1.5 billion with more being received almost daily.

In order that the Fund may continue to meet the most urgent needs of the nations depending on us, I have asked the Congress for a supplemental appropriation of \$225 million to be available in the fiscal year 1959. This appropriation is under authorizations previously made but not used.

When I made my original recommendation to the Congress in 1957 for the establishment of the Development Loan Fund I urged that it be provided with capital for 3 years of operation and stated that based on observation of its progress within that period I would ask for longer term capitalization commencing in fiscal year 1961. The Congress chose to authorize capital initially for 2 years of operation. I now ask that the Congress authorize and appropriate \$700 million to become available in fiscal year 1960, the third year of the Fund. This sum will allow the Fund a level of activity no higher than it established in its first year of operation.

Consideration should continue to be given to capitalization procedures that will allow better long-range planning.

Mr. DIRKSEN. I do not quarrel with Senators as to how they will vote. I never have. I do not quarrel because there are pressures. If there is a "Yea" vote, why quarrel? Probably, in a position of high authority, I would do the same thing. I know about the office at 1025 Connecticut Avenue. Sometimes I think if all the businessmen doing business at that address were to volunteer their talents for ICA and volunteer their skills to the government, perhaps we would not be in the fix we are in today.

It is tragic that there is not more time fully to discuss the program, but when proponents of certain proposals march up before a committee that is staffed, and that has competent direction, and when they come with their staffs and programs from 12,000 miles away, we can say, "Yes, we know something about the project. Lay all your cards on the table, and we will examine the cards." That is the way to conserve the people's taxes, and it is with them that the reckoning finally must be made.

I shall vote for the Byrd amendment because I think it is indispensable to the conservation of our economic resources, and I shall support some kind of proposal that will give us better scrutiny than we have under existing law.

I yield the floor.

Mr. FULBRIGHT. Mr. President, I yield 13 minutes to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an editorial from the Baltimore Evening Sun entitled "Foreign-Aid Appeal," and an editorial from the New York Times entitled "Foreign Aid: A Critical Week."



The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MANSFIELD. Mr. President, as always, I was much impressed by what the distinguished minority leader had to say. I, too, am sorry that he does not have more time to speak, because I always find him intelligible and informative.

I appreciated very much his resume of the votes over the past 8 years. I point out that he is correct when he says that over the past 8 years, the Republicans have supported by and large, the foreign aid bill presented by a Republican President, Mr. Eisenhower.

I also have wondered about the waste, inefficiency, and what not, in countries like Peru, Laos, Korea, and Bolivia. I have talked on the floor of the Senate in the past about waste in those particular countries; and I intend, even under this administration, to speak about them and to bring to the attention of the Senate difficulties which are apparent just from reading the daily press of this Nation, and, if possible, some suggestions as to how they may be rectified.

The distinguished minority leader has indicated that he will offer an amendment on Monday. I think in general there is much merit to that kind of amendment, but I hope something specific can be arrived at which will be mutually agreeable to both sides.

In what we are discussing at the present time, the Byrd amendment, we are not confronted with a clear-cut issue. We cannot assert that if we reject the Senator's amendment, all will be well with the aid program. We most certainly cannot insist that if the Byrd amendment is adopted, we will be better off.

All we can say is that if this amendment is rejected, we will have an opportunity to try a new approach to this most vexing problem, a new approach for a new administration which has been in office for less than 7 months.

All we can say is that if the amendment of the Senator from Virginia carries, at best we shall continue the aid program in the present pattern.

Is that what Senators want? That is what the distinguished minority leader has been talking about for the last 35 minutes. I do not care for it, and I feel sure the Senate as a whole does not care for a continuation of the program on that basis, either.

Is any Senator satisfied with that pattern? That pattern has not been adequate in the past. It is not adequate now. It will become more inadequate as time goes on.

The inadequacy does not lie in the aid concept; the inadequacy is one of method. To adopt the Byrd amendment would insure the continuance of this inadequacy. It would insure that we shall continue to use \$2 where \$1 would suffice. It would insure the continuance of the high degree of ineffectiveness in this entire undertaking. Next year or the year after, we shall be going over this same ground, trying to find some better way, exactly as we have done over the past 12 or 14 years.

That is what this debate is all about. It has little to do with congressional controls—they will be more than sufficient, regardless of the fate of this amendment. This debate has to do with whether or not we are going to give the President the administrative structure that he believes is necessary to do more than merely go on from year to year spending billions and getting nowhere; what he believes is necessary if an approach is to be developed which will help other nations to establish a sounder economic footing so that at some point they may cease to depend on us to prop them up.

The Committee on Foreign Relations has worked over this problem for years. The members have studied it from every angle, with the interests of this Nation foremost in mind. They do not beat the drums for a pet project; they are not carried away. In the provision of the bill which the amendment offered by the Senator from Virginia would nullify, the committee has presented us with a careful and dispassionate judgment. They say, simply, that if we must pursue a foreign aid program at all, then this change to a 5-year borrowing and lending base holds the best promise of ending the wasteful methods we have followed in the past. They say the change holds the best promise of tapering off the massive and continuing grants which are corroding our foreign relations in many parts of the world. They say that it holds the best promise of improving the international position of the Nation in the years ahead. And they say it, whether we call it front door, back door, or side door financing. No matter what we call it, we are making a decision here, in public, for the whole Nation to see.

Mr. President, I can see how a Senator who is opposed to the foreign aid program in its entirety would vote for the Byrd amendment. But I cannot see how this amendment can be supported by any Member who accepts the judgment of the last three Presidents of the United States, of the Congresses of the past decade or more, and of the Senate committee which is most knowledgeable in these matters—the judgment that the aid program is essential for the security and welfare of the Nation.

I cannot see how any Senator who recognizes the need for foreign aid and has called for a more prudent and effective administration of the program can support this amendment. Its adoption would under what the chairman and members of the committee have labored with such skill and understanding to create. Its adoption will leave us where we have been in foreign aid, if, indeed, it does not leave us worse off.

I shall vote to reject this amendment. That vote will be on the merits of the question; but I wish it also to be recorded as an indication of my deep respect and admiration for the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT]. His dedication to this Nation is complete and selfless. His knowledge of what makes the world tick is unexcelled in this body.

Year in and year out, he has acted

as an overseer in connection with the politically onerous but essential foreign policy business of the Senate, and particularly foreign aid legislation, and he has had more than his share of abuse for his trouble. I want the Senate to know that the Senator from Montana, for one, is deeply appreciative of the highly intelligent and highly responsible fashion in which the Senator from Arkansas has acted through the years and on all matters. The Nation owes him a debt of gratitude for bringing to bear on the critical international problems of the Nation and, in particular, on that of foreign aid, his immense intellectual capacity, his searching honesty, and his great human courage.

As I said at the beginning of my remarks, I intend to be critical of this program under a Democratic administration, as I have been critical under a Republican administration, but to the best of my ability, I intend to be critical in a constructive sense.

I shall have more to say on the aid program during the latter part of the debate now underway, but I feel we ought to approach this not in the sense of being Democrats or Republicans, but rather in a bipartisan sense, because we are being pressured on all sides at the present time. The President has said this is one of the weapons which he would like to use to strengthen his hand, and he has asked us for certain kinds of authority.

I should like to see the money spent in a reasonably effective fashion; and such, I am sorry to state, has not been the case in the past. It may not be the case in the future, but I reiterate that certainly the prospects will be better under a 5-year Treasury borrowing procedure based on loans than they are under the present year-to-year financing.

I need only recall to the Members of this body that, as is shown in the record of the Committee on Foreign Relations and as was stated on the floor of the Senate, a few years ago the distinguished senior Senator from Louisiana [Mr. ELLENDER] brought to our attention the fact that on one day, the last day of a fiscal year, between \$600 and \$700 million was spent, obligated, or reserved, so that the money would not be returned to the Treasury of the United States.

Under a long-term planning program I think we shall be able, to a large degree, to do away with that particular type of procedure, and that we shall get more for the moneys appropriated, while at the same time doing away to a great extent—certainly to a greater extent than has been the case up to this time—with the waste, duplication, and inefficiency which have marked this particularly kind of program down through the years.

#### EXHIBIT 1

[From the Baltimore Evening Sun, Aug. 8, 1961]

#### FOREIGN AID APPEAL

The Democrats' appeal to the Republicans in Congress to act in the spirit of the bipartisanship that has characterized the foreign aid programs in the past, is timely and reasonable. These programs serve the interests of the whole Nation and while it so happens that they were initiated by a



Democratic President they were a basic part of the policy of Mr. Eisenhower's two administrations. Emphasis on different aspects of the assistance we have given other nations has shifted from time to time as world conditions have changed but the underlying justification of the assistance has remained the same, and is as compelling today as it was 14 years ago. Indeed, it is perhaps more apparent and more urgent now than it ever was.

For one thing, the efficacy of foreign aid has been demonstrated. For another, the challenge confronting the United States and the West today is made on a broader front than ever before. At the outset this country's first and almost only concern was the future of Western Europe. But in the last decade we have been forced to recognize that the needs of Asia, Africa, and Latin America are of critical and continuing importance. The necessity of helping the hundreds of millions of people of those continents overcome the distempers arising out of poverty and hopelessness is a major and pressing one.

Mr. Kennedy is seeking, as Mr. Eisenhower before him sought, to provide for longer range commitments which will enable the countries aided to make better and firmer plans, to undertake substantial projects with some assurance that they can be carried through. The purpose is not to stave off an immediate and possibly passing emergency but, as the President has said, to help other countries build their societies until they are so strong and broadly based that only an outside invasion could topple them.

Congressional resistance to yielding any of its powers of appropriation is understandable enough and, of course, a strong constitutional argument can be made to support the resistance. However, the President has to deal with a practical problem which involves the good will and confidence of other nations. Few will dispute the central thesis of the development loan scheme—that a guarantee of long-range, long-term help is essential if those other nations are to embark on their own long-range, long-term programs. Surely Congress can work out some means of reconciling its cherished authority with the need of meeting this practical problem.

The objective itself is clear of all factional and political considerations. It is essential to a world that hopes for peace and an improvement of its standards of living. Congress was quick enough to act with unanimity in providing the money and the means to prove we mean to defend freedom in West Berlin. But Berlin is not the only place where freedom will be at stake in the future. If the Berlin crisis is solved the crises latent elsewhere will still be with us. Republicans and Democrats alike should face that elementary and massive fact and act together to deal with it.

[From the New York Times, Aug. 7, 1961]

#### FOREIGN AID: A CRITICAL WEEK

All foreign aid bills run into some trouble in Congress because the instinct on Capitol Hill is to take the ax to almost any measure requiring the expenditure of large sums of money. The only exception, these days, is defense.

But the 1961 administration measure, which goes to the Senate floor this week, has conspicuously drawn fire because it proposes to commit us to a 5-year, \$8.8 billion foreign aid loan program with no requirement for annual reauthorizations and reappropriations. The argument is that this will make for economy, as it makes for continuity. The principle works in private business. Why not in public business? It is said to operate smoothly through Treasury borrowings for commodity credits for farmers.

Why not just as smoothly in the form of credits for foreign development programs among our least fortunate governmental friends?

The arguments seem sound, but the outcome may be decided, so this newspaper is informed, by one or two votes in the Senate, and a small shift, one way or the other, in the House. The Republicans in general do not much care for it, though they rolled up a respectable bloc of votes for a less workable form of the same proposal 4 years ago under Mr. Eisenhower's administration. Their present profound concern for the prerogatives of Congress has taken on a partisan hue. We must not, of course, overlook a well-known Democrat, Senator BYRD of Virginia, who is willing to authorize a 5-year aid program but suggests that the appropriations be made annually. The element of continuity in the Byrd resolution is hard to detect.

With luck, action in the Senate may be completed this week. Action in the House will of necessity follow. It would be too bad if this form of investment in the future should fail because of rivalries, suspicions, and power struggles on the Hill. The doling out of all foreign aid year by year, with no continuing guarantees, isn't good business or even sound ethics.

Mr. FULBRIGHT. Mr. President, first I express my deep appreciation to the majority leader for his kind words regarding the work of the chairman of the committee. The majority leader and other Senators have contributed greatly of their time and effort. The product, which I think is a very good bill, is the result of their cooperative efforts.

Mr. President, I yield 5 minutes to the distinguished Senator from South Dakota [Mr. MUNDT].

The PRESIDING OFFICER. The Senator from South Dakota [Mr. MUNDT] is recognized for 5 minutes.

Mr. MUNDT. Mr. President, I appreciate the Senator's yielding time to me, because, as he knows, I am on the other side of the argument from where he stands.

First of all, Mr. President, I speak as a friend of the foreign aid program who has supported it consistently over many years. I have been in the Congress since the beginning of the program. I speak as one who, in one session of Congress, was the only Member of the South Dakota congressional delegation to vote for the program. I speak as one who, in the Senate Appropriations Committee, has frequently broken tie votes to provide additional funds, when they seemed needed for this program.

But, Mr. President, I speak as one who believes Congress should continue to exercise its authority over the program if in fact the program is to have any reasonable possibility of ultimate success.

It seems to me that there is one aspect of this proposed 5-year pledge and the 5-year program that has not been adequately discussed here this afternoon, and that is the fact that the very minute Congress passes a bill committing this country to a long-term 5-year program, we shall have set up at once a vested expectancy for assistance on the part of each of the 97 recipient countries. At once they will operate under the realization that for 5 years they will be

entitled to present their application and do their best to achieve for themselves as large a portion of the proposed expenditures as possible. As soon as they begin to look upon their sharing of our wealth as a vested right, we will immediately begin to diminish the effective impact of this money upon the recipient countries.

We have no farther to walk than into the Senate cloakroom to find a demonstration that the theory I have expressed is a valid one. Under what authority I know not, but we have already heard that Secretary Dillon in Uruguay has told representatives of the Latin American Republics that they can expect \$20 billion of assistance from us. This afternoon the ticker tape in the cloakroom revealed that the Latin American countries are already squabbling among themselves at the conference table to determine which country is to be first in line with the biggest tin cup, and which is to get the major portion of the \$20 billion.

So long as the Latin American countries and other foreign governments must make their appeal on an annual basis, so long as the administrators of the program can say to the applicant countries that they may present their justifications and they will be given consideration, but no advance promises or commitments can be made until Congress has acted, we can be sure then that the countries will look forward with anticipation and with cooperative attitudes upon the assistance which we propose to give them, instead of looking upon our assistance with disfavor because country A has received a little less than country B, and country C may have received even more. Certainly, we shall do little to earn the friendship and to win the cooperative support of the foreign countries to which we give our aid if we pledge our support 5 full years in advance. By so doing, we imperil the value of our whole foreign assistance program by permitting these countries to feel they are entitled to our support and can confidently expect it as a matter of right.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. MUNDT. I will yield briefly, because I have only 5 minutes.

Mr. CURTIS. What authority did Secretary Dillon have to make such a commitment?

Mr. MUNDT. As I said, that is an authority which I doubt that he has and which I do not believe he should exercise, but it is in complete keeping with the concept and philosophy of this bill. It seems to me that the administration is asking Congress to follow a sort of Pontius Pilate procedure. They are asking us to wash our hands of all responsibility. They are asking us to commit the original crime by delegating away our powers and our authority for 5 years, and then saying, "We now can wash our hands of all responsibility of what occurs."

Mr. President, Senators may be able to vote away their authority to vote on these appropriation measures by adopting the back-door spending technique.



But Senators cannot vote away their responsibility to face our constituents, who have a right to expect us to live in conformity with the Constitution of the United States, which vests only in Congress, and places it nowhere else, the right to appropriate away the people's money.

As I said earlier, I have voted for the foreign-aid programs over many years, but if, in fact, we are going to shift the program into a self-perpetuating administrative aid program, and Congress is to be sidetracked for the first time in this connection, I shall be compelled to vote against a program which seems to me contains within it self-defeating elements which will destroy the possibilities of our success abroad and materially weaken our economic structure at home. Indeed, Mr. President, unless we can adopt the Byrd amendment or develop some other devices for exercising our congressional responsibilities in connection with this program, I submit that a Senatorial surrender to bureaucratic domination is too high a price to pay for the doubtful privilege of voting for foreign aid.

Among the self-defeating elements in this bill I place high the fact that we would create this vested expectancy on the part of 97 foreign countries, who will then have a right for 5 years to expect their share of the American taxpayers' money to meet their local problems and to consider themselves the legalized, "permanentized" beneficiaries of our American resources. I hope the Byrd amendment is adopted.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the distinguished Senator from Kansas.

Mr. SCHOEPPLE. Mr. President, I thank the distinguished Senator from Arkansas. I say quite frankly that I shall support the Byrd amendment. I appreciate the opportunity to present very briefly my views, and then I shall offer for the benefit of the RECORD some additional views which I have worked out with reference to this question.

Quite frankly, I wish to associate myself with the statements made by the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN] and the statements made by the distinguished Senator from Louisiana [Mr. ELLENDER]. I have read many of the House reports on these investigations, and I say frankly to Senators, as I have said to many people in my own State, that I am nauseated by what has been going on under the guise of foreign aid, which we have extracted from the taxpayers of our country and are now asked to go off on a 5-year program deeper into this proposition. It is my opinion that unless we throw around the program certain practical safeguards that have been built into our system of legislation, we will rue the day when we throw away those safeguards.

Once again the American people are being asked to undertake a long-range foreign aid program. The administration proposes that the Congress should authorize the Secretary of State to borrow funds from the Treasury without the usual annual review by the Appropriations

Committees of the Congress. From my brief experience as a member of the Senate Appropriations Committee, I am deeply concerned that so large a portion of total Federal expenditures are financed in this manner.

The Legislative Reorganization Act, Public Law 601 of the 79th Congress, provided in section 138(a) that the House Committee on Ways and Means and the Senate Committee on Finance would meet jointly with the respective Appropriations Committees at the beginning of each session of the Congress and present a legislative budget for the ensuing fiscal year. This would include the estimated overall Federal receipts and expenditures. This law further directed that a report shall be submitted containing recommendations for the maximum amount to be appropriated for expenditures, which shall include amounts reserved for deficiencies. It also provided that, "If the estimated receipts exceed the estimated expenditures, such report shall contain a recommendation for a reduction in the public debt."

The practice of bypassing the Appropriations Committees makes it virtually impossible to exert any coordinated control over the financing of the U.S. Government, which is the largest financial operation in the world today. The Congress, in effect, is the board of directors for the American people, and we have an obligation to be fully informed on all expenditures and how they are to be financed. Long-term borrowing from the Treasury by a simple authorization nullifies our efforts in properly appraising appropriations and matching them with expected revenues.

Initially, foreign aid was justified in order to restore wartorn economies, but now we are proposing that 181 million Americans should raise the living standards of several billion people scattered over the globe. Mr. President, I have consistently supported measures to assist other countries in developing their own military strength so as to defend their freedom. By so doing we will then not be forced to commit our own manpower to this task. It is too often forgotten that our population represents only 6 percent of the world's total. If we can keep as many of our able youth productively employed so that our tax base is broadened, we can accomplish far more in combating communism than if we enlarge our own Armed Forces.

Furthermore, the cost of our Armed Forces is not merely the present budget of the Defense Department. It must also include all the contingent future liabilities, such as veterans' benefits, possible pensions, hospital and medical care, education and training, and a large portion of the interest charges on the public debt which was accumulated during previous mobilization periods. Thus, there is a sound and firm reason to support military assistance and the development of a reasonable economic base to support it in friendly countries. However, we are undertaking a program that is far more extensive.

On July 7, 1959, I made a statement with reference to this same subject. I

quoted at length from a remarkable book by the late Prof. William E. Rappard, entitled "The Secret of American Prosperity." Professor Rappard, in turn, referred to comments by a young Frenchman, Michel Chevalier, who had the opportunity to visit our country during the early years of our Republic. Mr. President, once again I shall make one reference to Dr. Rappard's comments. He said:

The United States are not, in Chevalier's opinion, more favored by nature than other parts of the New World. On the contrary, they are less well-off than the areas most richly endowed with minerals, for example. But they know how to turn the resources they do have to exceptionally good account, mainly because of the care they have given to the construction and exploitation of roads, canals, steam navigation, and above all, of railways, which, he says, have become since the spring of 1834 "a perfect mania" with the American public. \* \* \*

The spectacle of a young people, executing in the short space of 15 years, a series of works, which the most powerful states of Europe with a population of 3 or 4 times as great, would have shrunk from undertaking, is in truth a noble sight. The advantages which result from these enterprises to the public prosperity are incalculable.<sup>1</sup>

Mr. President, Dr. William H. Peterson, associate professor of economics at the Graduate School of Business Administration at New York University, has written a stimulating article, entitled "United States Was Once Undeveloped Too, But Received No Aid." I ask unanimous consent that this article from the *Commercial & Financial Chronicle* of July 6, 1961, may be printed at this point in the RECORD:

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the *Commercial and Financial Chronicle*, July 6, 1961]

UNITED STATES WAS ONCE UNDEVELOPED TOO, BUT RECEIVED NO AID

(By Dr. William H. Peterson)

For all their talk of foreign economic growth and production miracles—the West German boom, for example, or the Soviet Union's much trumpeted but none-too-reliable 6- to 7-percent annual growth rate in gross national product—professional economists and other learned men all too often overlook the rather creditable job of growth in their own backyard: the economic development of America.

So "The Permanent Frontier: An Illustrated History of the U.S. Economy in Action" comes as a welcome reminder that soft inflation, cheap interest rates, massive public spending, permanent Government gifts and loans—to name some of the paraphernalia in the modern economic developer's kit—didn't figure constructively, if they figured at all, in the economic surge beginning several generations ago of Europe's rambunctious offspring in the New World.

Today the offspring, a geographical accident that Columbus bumped into in his search for Cathay, has grown into far and away the richest and most powerful economy on either side of the Iron Curtain, and with the highest living standards; and it behooves thinkers and politicians to keep their sights on how it was done.

For the salient point of this work originally serialized in *Challenge*, New York

<sup>1</sup> CONGRESSIONAL RECORD, July 7, 1959, p. 1959, p. 11744.



University's economics journal, is that American growth is the achievement of business. And if as Calvin Coolidge once said, the business of America is business, this business has been a highly successful one. The testy upstart that humbled mighty Britain was from colonial times a business society, a business civilization, a land of do-it-yourself inventors and do-it-yourself entrepreneurs who utilized the proprietorship, the partnership, and the corporation as devices to pool savings and launch private enterprises. Many of the fledgling enterprises sputtered after a few months or a few years and then died, having failed to pass the market test—that is, win consumer acceptance. In other words, there has always been, every year, a business mortality rate in America, a symbol of consumer sovereignty; and the absence of this rate behind the Iron Curtain is a sign of consumer subservience.

But especially significant in America have been the business survival and birth rates. Enterprises by the millions, rural and commercial and industrial, have won consumer acceptance, have grown into thriving small businesses and, in a significant number of instances, into big businesses, and, big or small, have contributed greatly to American economic growth. One measure of this growth can be found in the U.S. Patent Office, authorized in article I of the Constitution. Here are the musty designs and blueprints of tinkers and inventors of more than a century ago, the original mechanizers, automaters, mass producers, and innovators, who along with the savers and investors and entrepreneurs constantly created, accumulated, and upgraded what the accountant so dully calls fixed capital—the very sinews of industrial well-being.

Here are patents on the steel plow, the harrow, the planter, the reaper, the harvester (which not only reaped but at the same time gathered the grain in sheaves and tied a string around each sheaf and laid them down in neat rows), the steel rail for railroads, the open-hearth furnace for making steel, the sewing machine, rubber, dynamite, wire rope, the pullman car, the safety razor, the electric streetcar, refrigeration, the electric light, the typesetting machine, and so on for thousands and now millions of patents, virtually every one of them privately owned, every successful one in its own way a propellant to economic growth and a more abundant life.

But the fact that the Patent Office is an arm of government is testimony that business did not perform its act of growth alone, that in the wings was a silent, limited partner, which over the years has become increasingly less silent and less limited: the U.S. Government. A big reason for the limited partnership role: Mercantilism.

The editors of "Challenge" review the ineptitudes and countless frictions of the mercantilist economic policies of Mother England. The colonists rebelled against not so much the arrogant personality of King George III as against the tax on tea, the Molasses Act, the Stamp Act, the Sugar Act, against—to quote from the Declaration of Independence—"a multitude of new offices, and swarms of officers to harass our people, and eat out their substance" (shades of Parkinson's law). In short, colonial freedom and economic growth was all but stopped by excessive economic intervention.

Thus, as every schoolboy knows or ought to know, the Founding Fathers wove in limiting checks and balances throughout their unique design of government: A tripartite Central Government, a Federal system with coequal States, with States rights, a written Constitution, a Bill of Rights. The design—political and economic freedom—worked. Limited government served to unlimit economic growth, and the libertarian economy and society took off.

So the architects of American growth turn out to be both thinkers and doers—political thinkers like Thomas Jefferson, Alexander Hamilton, and James Madison; industrial doers like Cornelius Vanderbilt, Andrew Carnegie, and Henry Ford. In addition, there are millions of unsung and mostly unknown doers in the American growth story—the small investors who took a chance with shares in a canal, a railroad, an oil well, an ironworks; the workers from Europe with but a bundle on their backs, or from Africa with chains on their feet who sweated in steel mills and packinghouses and road gangs; the small businessmen who plowed their savings into a country store, an agricultural implement dealership, a coastal sailing vessel, a stable, a clothing store, a filling station, and so on. Growth came in bits as well as in lumps.

But there are breaks in American growth. The upward trend line has dips along the way. In 1837, for example, a long depression climaxed Jackson's second administration, which had witnessed much wild speculation and inflation. From 1865 on defeat and Reconstruction laid the South low for decades. In the depression of the 1890's, the Populists talked up free silver, the graduated income tax, and Government ownership of the railroads. And in 1929 \* \* \*.

The American growth story is unfinished. Up to now it's been a dramatic human interest story of architects, engineers, and workmen, of strokes of genius and strokes of foolishness, of the libertarianism of Thomas Paine, the nobility of purpose of George Washington, the homely wisdom of Abraham Lincoln, the bold experimentation of Franklin Roosevelt, the sense of balance and responsibility of Dwight Eisenhower.

One may differ with the Challenge editors here and there on some of their emphasis and interpretations, just as one may differ with such late economic historians as Frederick Jackson Turner, Charles Beard, and Garet Garrett and with such modern growth theoreticians as W. W. Rostow, Colin Clark, and John Kenneth Galbraith. Who's right and who's wrong? Who talks growth and who talks growthmanship? The future holds the answer, but one thing is certain: American economic growth has been the wonder of the world, and no foreign government's aid figured in it.

Mr. SCHOEPPLE. Mr. President, it is time that we reemphasize to the so-called underdeveloped countries the virtues of our system of individual liberty and a free, private enterprise society. Whatever we can now contribute to others is possible because of our adherence to these concepts since 1789 when our Government was founded. Our people stem from every country on the face of the earth. Yet, in the climate of liberty which we have evolved, they have become endowed with those attributes of industry and diligence that have placed us in a position to preserve freedom when older nations had lost their ability to do so.

I sincerely hope that before we overburden our own economy, more thought will be given to the fact that we, too, were once an underdeveloped country. As Dr. Peterson points out, there was no foreign aid from any other nation to assist us during our period of development. We have only a small portion of the world's natural resources, and while our people have been well trained in modern technology, this can be achieved by others, too, if they have the will and the desire to develop their maximum potential.

Technical assistance and similar measures to enable them to achieve more rapidly the technical advances that characterize the 20th century will never require the vast outlays that are proposed in long-range development programs where our country endeavors to construct every conceivable type of facility which will ultimately extend our commitments to the point where we will be forced to default on obligations that may be more pressing.

Mr. FULBRIGHT. Mr. President, I yield myself 15 minutes. I wish to make one or two corrections regarding the comments of the Senator from Illinois that all of the \$8.8 billion could be obligated in the first year. This would not be so under the terms of the bill. Only \$1,887 million is made available under the bill by 1962, and I see no authority and no justification for saying that \$8.8 billion can be obligated the first year. The bill would make the funds available year by year. Any agreement about future use of the funds would be entirely dependent upon the availability of funds, and would be of a contingent nature. Of course, any improvident man could go out and say, "I will do so and so if I get the money." But I do not consider that a proper or reasonable interpretation of the bill.

Furthermore, the eloquent remarks of the Senator from Illinois [Mr. DIRKSEN], are the most persuasive reasons I have heard as to why the Byrd amendment should be defeated. He has outlined in detail many of the mistakes that have been made under the previous administration.

I also believe they could well be made under a Democratic administration if we forced it to follow the same procedure.

The Senator from Illinois—I will not repeat what he said—has told us about what has happened in Korea, in Peru, and in Iran. The main purpose of the committee and the main purpose of the bill is to make it possible to avoid a continuation or repetition of such instances. No one can be sure that this bill will be a panacea. It probably will not be. However it will at least make it possible, if we have an intelligent administration of the program, to break off the shackles which now hobble the activity, and enable the administrators to study and plan for development, and in a manner that will avoid or minimize the kind of mistakes the Senator from Illinois has described so eloquently. I have every confidence that they will be minimized, although perhaps not completely eliminated, any more than the mistakes that we have made in this Congress in the construction of our own facilities have been completely eliminated.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I have only a few moments.

Mr. DIRKSEN. I should like to refer to the first observation the Senator has made.

Mr. FULBRIGHT. There is no time for it now. That question has come up before. I will put in the RECORD the complete answer.



Mr. President, on August 7, 1961, Representative PASSMAN inserted in the RECORD some material which he labeled "Facts About the Foreign Aid Program."

Since I had the experience of appearing on a television program recently at about the same time as Mr. PASSMAN for a discussion on the foreign aid program, I have a special interest in what Representative PASSMAN says about this subject.

I ask unanimous consent that there may be inserted in the RECORD at this point some comments which I have prepared on the assertions made by Representative PASSMAN, and other documents.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENTS UPON STATEMENT MADE BY REPRESENTATIVE PASSMAN IN A LETTER REGARDING THE FOREIGN AID BILL AND IN THE CONGRESSIONAL RECORD OF AUGUST 7, 1961, AT PAGE 13695

1. Mr. PASSMAN begins by saying that under the proposed authorization "The Congress \* \* \* would for all practical purposes surrender control of the purse strings."

Comment: This is, of course, not the case. The Congress would retain full authority to limit, curtail, or revoke the authority granted to the President. This could, of course, be done through authorizing legislation. Since such authorizing legislation could be in the form of a simple amendment to the annual bill authorizing essential grant aid, it would be effectively impossible for the President to veto congressional action concerning the lending program. Action to limit, curtail, or revoke could also be taken in an appropriation act. Under the Government Corporation Control Act made applicable by section 203(b) of the authorizing legislation the Congress could limit obligations or expenditures—although it is plain from the history of the Government Corporation Control Act and of this aid legislation that such limitations will not be imposed except under unusual or special circumstances.

2. Mr. PASSMAN makes seven numbered points:

"First. The executive branch would no longer have to justify funds for the development financing program. Rather, the legislative branch would have to show sufficient cause for making any reduction. It would require an act of Congress to reduce the amount of the borrowing authorization."

Comment: It is true that in this legislation as in any other legislation the Congress would make an authorization which could not be reduced without another act of the Congress. It is not true that the executive branch would "no longer have to justify funds for the development financing program." The executive branch would have to present to the Congress each year a budget program as required by the Government Corporation Control Act and as now done by more than 20 lending agencies of the Government which are financed in this way.

As to any "sufficient cause" the legislative branch would "have to show" to make a reduction—the point is, that the only showing would be to itself.

It is correct that once the Congress has established a national policy for the United States to undertake the program of economic development which the President has recommended, it would be generally understood that the program would continue until sufficient cause developed for the Congress to make any reduction in it. Otherwise there would be little meaning in the Congress making a policy decision at all.

"Second. The executive witnesses admit that once given this authority, they do not

expect the Congress to attempt to take it back."

Comment: As just stated, the President is asking the Congress to make a national decision that the United States will undertake a role of leadership in developing and strengthening the newly independent nations of the free world and will provide assurance that funds for this purpose will be available over a 5-year period. Obviously, it would not be expected by the executive branch witnesses or anyone else that the Congress would renege on this decision unless valid reasons for doing so developed. Yet the bills as recommended by both the Foreign Relations and the Foreign Affairs Committees retain full authority to the Congress to change its mind either through an authorization or an appropriations bill should unusual circumstances require it.

"Third. The administration could, directly or indirectly, commit the entire \$8.8 billion during the first fiscal year of the authorization, and these commitments, based upon the inaccurate estimates of cost of the program in the past, could lead to a further request of double or triple the present amount to bring the programs to completion."

"Fourth. In effect the executive could commit this country to the entire amount before the Congress knew to what countries, to what programs, or to what projects the funds would go."

Comment: This is not correct. The annual increments of funds for lending become available for obligation by the President only year by year and cannot be obligated until (1) the year in which they become available arrives, and (2) until an appropriation act is passed providing for their obligation. They cannot even be irrevocably committed. The report of the House Foreign Affairs states this plainly (p. 18):

"The committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country, and Congress can always amend the authorizing legislation. Indeed, all commitments of future year funds will be specifically contingent on their continued availability from Congress."

"Fifth. The Executive prefers not to refer to the program as a loan program, but rather as a development financing program. Most of the funds would be advanced, on a 50-year-term basis, without interest, and with a 10-year grace period before any repayments are required."

Comment: The program may be called with equal correctness a "loan" program, a "development financing" program, a "development lending" program, or a "development credit" program. By whatever name our aid is called, it will be advanced only upon a finding of reasonable prospects of repayment in dollars. It is not correct that most of the funds would be advanced on a 50-year period, etc. This describes the outside limits. The range within these limits will be determined by the National Advisory Council when the aid agency commences its operations. Even at the beginning there will be loans on harder terms than these outside limits. As the economies of aided nations begin to strengthen and their debt service capacity improves more of them will be capable of handling shorter term loans. It should be borne in mind however that the basic purpose of this program is to help nations in various early stages of economic development to make substantial progress.

"Sixth. The administration refers to this as a 5-year program, but since there would be no substantial repayments on the loans for 10 years, it is possible there would be a similar request after the first 5 years. Since high officials of the administration admit that this could be a 30-year program, how far afield could we go before it crushes our

own economy, already strained by excessive spending and deficit spending?"

Comment: It is certainly possible that there will be additional requests for funds after the first 5 years. President Kennedy has proposed a Decade of Development. The development problem is a great one and will not be solved in a few years. The implication that our investment in our aid program will "crush our own economy" is extreme and out of keeping with the facts. The total aid program requested by the President for fiscal year 1962 is less than 1 percent of our anticipated gross national product. The economic program is little more than half of this. The development lending program requested for fiscal 1962 and for the additional years will be approximately one-third of 1 percent of our annual gross national production. These figures may be compared to the 4 years of the Marshall plan when our aid program averaged over 2 percent of our gross national product.

It is important to realize also that the total aid program recommended by the Foreign Relations and Foreign Affairs Committee is about 5 percent of our anticipated Federal budget receipts (and of this the development lending program is about 2 percent. During the years of the Marshall plan the aid program ran at an average of approximately 14 percent of our Federal budget receipts.

It should also be borne in mind when people talk loosely of the aid program bankrupting the country that at present our total national debt is less than 58 percent of our national production in a single year. During the years of the Marshall plan when our aid program was, as just mentioned, relatively far greater than now, our national debt averaged around 85 percent of our annual gross national product. Tables setting forth the relevant figures for 1949 through 1961 follow at the end of this statement.

"Seventh. The administration proposes back-door spending only on approximately one-third of the total annual aid cost. However, the executive witnesses are frank in stating they expect other portions of the program to be shifted to the new back-door-spending approach. As each year passes, Congress would lose control over more and more phases of the program."

Comment: It is correct that the President asks borrowing authority only for funds for the lending program which is approximately one-fourth of the request for fiscal year 1962 and for the remaining 4 years of the request would be about one-third of the fiscal year 1962 total. It is not contemplated, however, that other portions of the program would be shifted to this form of funding. What is intended and hoped for is that it will be possible to reduce, at least slightly, grants for supporting assistance. Presumably such a change toward loans would have the warm approval of all Members of the Congress.

3. Mr. PASSMAN repeats a statement made in an earlier letter that: "So unfirm have been the estimates in the past, and so uncertain the actual need, that after the Congress reduced the executive's requests in the past 6 years by \$4½ billion, the Congress still appropriated so much in excess of needs that the cumulative unobligated balances for the same period exceeded \$1½ billion."

Comment: This statement provides a rather remarkable manipulation of statistics to reach totally unsupported conclusions.

The executive has, of course, lived within the appropriation allowed it. This certainly does not justify the conclusion, however, that its requests were unfirm or the needs uncertain. The executive has merely cut down programs which it thought important and done the best it could within the funds allowed.

In the process some funds have been unobligated at the end of each fiscal year.



These funds have remained unobligated in recent years because it has been neither possible nor sensible to obligate every penny in each of hundreds of the individual accounts into which the economic and military funds are divided during the year. The funds left over unobligated at the end of any year are normally reappropriated and become in effect a working capital carryover. What Mr. PASSMAN has done is to add up all of the unobligated balances at the end of each of 6 fiscal years, making a cumulative total of \$1.5 billion, which he then points to as indicating that despite the cuts made by the Congress the aid program had more funds than it needed. Actually, however, after the reappropriation each year of by far the greater part of the funds which remained unobligated in past fiscal years, the aid program had unobligated at the end of fiscal year 1961 approximately \$143 million. This figure is the only relevant figure and it is less than 10 percent of the figure used by Mr. PASSMAN. Moreover, it is fully taken into account in making the request for fiscal year 1962.

The aid program's situation is like an individual's bank account. At the end of each month there may be a little money not yet spent. This money is carried over to the next month at the end of which there may be a little not yet spent, which is carried over to the next month, etc. When the individual reaches the end of the year, what he has left from his income, above the needs of the year is the last balance in his bank account. But what Mr. PASSMAN has done is to take the figure which is carried over at the end of each month and add them all together and then claim that it is this figure by which the individual's income exceeded his needs for the year.

4. Mr. PASSMAN says that "the executive witnesses admit that they do not anticipate better programs or better project, but the need is for long-term financing."

Comment: This is not an accurate reflection of the testimony of executive witnesses. On the contrary, the President and the principal officers of the executive branch have repeatedly said they do anticipate that the long-term commitment authority requested will make possible better programs and better projects more economically financed and more effectively carried out.

5. Mr. PASSMAN says executive branch witnesses state: "that some nations hesitate to enter into needed self-reforms because they could not trust America to fulfill its commitments".

Comment: This is not a precise reflection of executive branch testimony. What the executive branch has said repeatedly and what the Foreign Relations and Foreign Affairs Committees have concluded is that the less developed nations cannot reasonably be expected to make the hard decisions to levy taxes and otherwise accumulate and commit their own resources for several years in the future to important development programs and to undertake difficult programs for social progress unless they can have some assurance that absolutely essential outside funds will also be available. The President of the United States cannot provide such assurances now because the Congress has given him no authority to do so and because past experience shows very plainly that even the authorizations of appropriations made by the Congress will provide no assurance of funds since the appropriations for the Development Loan Fund have over the past 4 years fallen short of authorizations by some 23 percent.

*Mutual security appropriations and U.S. gross national product*

Fiscal year	Mutual security appropriations (as appropriated by Congress)	U.S. gross national product (by fiscal years)	Appropriations as a percent of GNP
	Millions	Billions	
1949	\$6,446	\$261.5	2.47
1950	5,092	264.0	1.93
1951	7,485	310.4	2.41
1952	7,284	338.5	2.15
1953	6,002	359.7	1.67
1954	4,531	361.8	1.25
1955	2,781	368.5	.75
1956	2,703	409.5	.66
1957	3,767	432.9	.87
1958	2,769	439.9	.63
1959	3,448	467.3	.74
1960	3,226	493.5	.65
1961	3,831	503.0	.76

<sup>1</sup> Estimated.

*Mutual security appropriations and budget receipts of the Federal Government*

Fiscal year	Mutual security appropriations (as appropriated by Congress)	Budget receipts	Appropriations as a percent of budget receipts
	Millions	Billions	
1949	\$6,446	\$37.7	17.1
1950	5,092	36.5	14.0
1951	7,485	47.6	15.7
1952	7,284	61.4	11.9
1953	6,002	64.8	9.3
1954	4,531	64.7	7.0
1955	2,781	60.4	4.6
1956	2,703	68.2	4.0
1957	3,767	71.0	5.3
1958	2,769	69.1	4.0
1959	3,448	68.3	5.0
1960	3,226	78.5	4.1
1961	3,831	79.2	4.8

*U.S. public debt (Federal Government) and U.S. gross national product*

Fiscal year	Gross national product (fiscal years)	Public debt outstanding end of fiscal year	Debt as a percent of GNP
	Billions	Billions	
1949	\$261.5	\$252.8	96.7
1950	264.0	257.4	97.5
1951	310.4	255.3	82.2
1952	338.5	259.2	76.6
1953	359.7	266.1	74.0
1954	361.8	271.3	75.0
1955	368.5	274.4	74.5
1956	409.5	272.8	66.6
1957	432.9	270.6	62.5
1958	439.9	276.4	62.8
1959	467.3	284.8	60.9
1960	493.5	286.5	58.1
1961	503.0	289.2	57.5

<sup>1</sup> Estimated.

**FACTS ABOUT THE FOREIGN AID PROGRAM**

(Mr. PASSMAN asked and was given permission to address the House for 1 minute and to extend his remarks in the RECORD.)

Mr. PASSMAN. Mr. Speaker, I am placing in the RECORD, as an extension of my remarks, a recapitulation of the funds on hand to the credit of the mutual security program as of June 30, 1961, in the amount of \$5,443 million. Most of this money is to pay for long-range programs and projects now in progress and under construction.

Foreign aid projects and programs presently are on a 5-year planning basis, or for even longer. Those are the instructions that go out to the field, and that is the basis for handling these operations.

Mr. Ford. Will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman from Michigan.

Mr. FORD. I want to compliment the gentleman from Louisiana on the very fine job he did yesterday.

Mr. PASSMAN. I thank the gentleman very much.

Mr. Speaker, as chairman of the Foreign Operations Subcommittee on Appropriations, I feel that I have a responsibility to provide the membership with some documented facts about the foreign aid program.

If the executive branch succeeds in getting a portion of the foreign aid program on the Treasury back-door financing basis, the Congress then would for all practical purposes surrender control of the purse strings. If the proposed legislation is approved:

First. The executive branch would no longer have to justify funds for the development financing program. Rather, the legislative branch would have to show sufficient cause for making any reduction. It would require an act of Congress to reduce the amount of the borrowing authorization.

Second. The executive witnesses admit that once given this authority, they do not expect the Congress to attempt to take it back.

Third. The administration could, directly or indirectly, commit the entire \$8.8 billion during the first fiscal year of the authorization, and these commitments, based upon the inaccurate estimates of cost of the program in the past could lead to a further request of double or triple the present amount to bring the programs to completion.

Fourth. In effect, the executive could commit this country to the entire amount before the Congress knew to what countries, to what programs, or to what projects the funds would go.

Fifth. The executive prefers not to refer to the program as a loan program, but rather as a development financing program. Most of the funds would be advanced on a 50-year-term basis, without interest, and with a 10-year grace period before any repayments are required.

Sixth. The administration refers to this as a 5-year program, but since there would be no substantial repayments on the loans for 10 years, it is possible there would be a similar request after the first 5 years. Since high officials of the administration admit that this could be a 30-year program, how far afield could we go before it crushes our own economy, already strained by excessive spending and deficit spending?

Seventh. The administration proposes back-door spending only on approximately one-third of the total annual aid cost. However, the executive witnesses are frank in stating they expect other portions of the program to be shifted to the new back-door-spending approach. As each year passes, Congress would lose control over more and more phases of the program.

So unfirm have been the estimates in the past, and so uncertain the actual need, that even after the Congress reduced the executive's requests in the past 6 years by \$4½ billion, the Congress still appropriated so much in excess of needs that the cumulative unobligated balances for the same period exceeded \$1½ billion.

The executive witnesses admit that they do not anticipate better programs or better projects, but the need is for long-term financing. They state that some nations hesitate to enter into needed self-reforms because they could not trust America to fulfill its commitments.

Beautiful phrases, carefully worded reports, claims and executives courtesies cannot change the facts, as above indicated.



The record of the hearings thus far held by our subcommittee documents the facts I have presented.

The recapitulation sheet which I am extending in the RECORD indicates the latest estimate of unobligated and unexpended funds on hand June 30, 1961:

*"Foreign Operations Subcommittee on Appropriations (foreign-aid funds, by program and amount on hand unexpended, June 30, 1961)"*

Military assistance-----	\$2, 519, 643, 000
Defense support-----	673, 491, 000
Development loan fund-----	1, 488, 758, 000
Development assistance-----	36, 632, 000
Special assistance-----	207, 171, 000
President's Asian fund-----	50, 757, 000
President's contingency fund-----	252, 106, 000
Technical cooperation bilateral-----	155, 068, 000
Technical cooperation, United Nations-----	12, 900, 000
Technical cooperation, Organization of American States-----	1, 201, 000
Atoms for peace-----	6, 959, 000
Intergovernment Commission for European Migration-----	5, 615, 000
U.N. Refugee Fund-----	800, 000
Escapee program-----	4, 490, 000
U.N. Children's Fund-----	8, 542, 000
U.N. Relief and Works Agency-----	9, 274, 000
Ocean freight-----	588, 000
NATO science program-----	
Administrative expense, ICA-----	8, 494, 000
Administrative expense, State-----	923, 000
Grand total-----	5, 443, 412, 000
Unexpended funds on hand June 30, 1961-----	5, 443, 412, 000
Unexpended funds on hand June 30, 1960-----	4, 713, 665, 000
Increase in unexpended funds during last fiscal year-----	729, 747, 000"

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I will yield for a brief one-half minute.

Mr. DIRKSEN. I should like to have the Senator from Arkansas read to the Senate the language on page 8 of the bill, section 203, subparagraph (a) with respect to incurring obligations.

Mr. FULBRIGHT. It provides that funds are to be available on an annual basis.

Mr. DIRKSEN. Will the Senator read all the language?

Mr. FULBRIGHT. It is on a year-by-year basis. That is the meaning of the section as the committee understands it and as the legal authority understands it, and that is the interpretation of the executive department. However I do not have the time to pursue this subject. We can pursue it on Monday, if the Senator wishes. The Senator is not correct if he means that the full authority can be obligated in the sense of being set aside. I assume he intended to leave that meaning in the minds of Senators. But I do not believe that is so. As I said, if next spring Congress wishes to rescind this authority, I do not believe the balance of the funds will be available for obligations.

However, I should like to pursue that subject at a different time.

With regard to the decision which we are about to make, which I consider to be by far the most important with respect to the whole bill, the idea of foreign aid has long been accepted. I do not believe that we have much choice about it. It is as much the established policy of the present administration as it was of the administration during the previous 8 years. The question is, How good a bill can we enact? I think that decision is the core of the whole debate and of the whole controversy and the whole discussion of the foreign aid bill.

If the decision of the Senate on this year's foreign aid legislation could rest solely on the legislative merits of the long-term borrowing authority, or on the efficacy of foreign aid as an instrument of our foreign policy, our task would be easier than in fact it is. These, of course, are questions of the utmost relevance, but there is a more fundamental question that remains unanswered—one that is implicit in all of the major issues that have come before a generation of Americans that has been cruelly overburdened with the necessity for fateful decisions.

The ultimate question is whether this Nation is prepared to accept the permanent and inescapable responsibilities of having come of age in history. The transition from youth to majority is as painful in the life of a nation as it is poignant in the life of an individual. But history, like human mortality, is an impersonal and inexorable force. It grants no reprieves and, indeed, deals harshly with those who would linger bemused and nostalgic in the afterglow of lost youth.

The character of a mature nation is not unlike that of the mature individual. Adulthood means the acceptance of permanent responsibilities, of continuing tasks, of enterprises that advance imperceptibly toward fruition with neither climax nor completion. It means ambiguity when we would prefer precision, tedious labor when we would prefer dramatic action, infinite patience when we would prefer immediate rewards. Above all, maturity requires a final accommodation between our aspirations and our limitations.

We have clung too long to our youth as a nation and it is readily understandable that we have done so. We have been a nation favored by geography, by resources, by a political tradition of liberty and law, by the rich human resources of a heterogeneous people endowed with spirit, energy, and creative genius.

In our first century and a half it seemed to us that nothing could go wrong, that we had only to set our sights on some concrete goal and we would surely attain it. And we were largely right, because with the exception of the Civil War our history was a chronicle of victory and success. From the minutemen to the Alamo, from the conquest of the West to the charge up San Juan Hill, our experience was one of exhilarating and successful adventure.

But history plays cruel tricks. It allowed us to believe that this unexampled series of triumphs was the product of our vigor and resourcefulness alone. What we failed to perceive in our past was the presence of another element—the element of an improbable run of luck—the luck of a rich and unspoiled continent far removed from the centers of world power and world conflict.

Now that luck has run out and we must face the world on its own terms. Indeed it ran out 40 or 50 years ago, but we have contrived thus far to escape a conscious confrontation with that fact.

Woodrow Wilson knew it. He perceived the ultimate fact of this century of American history—not that America must come out into the world but that the world had come in on America. Wilson conceived of a new order of international relations, not an unattainable millennium but a system of permanent processes for the gradual improvement of the human condition on earth. "We are trying," he said, "to make a society instead of a set of barbarians out of the governments of the world." And Wilson knew that America's participation in this great task was not a matter of option. "There can be no question," he said in his address to the Senate of July 10, 1919, "of our ceasing to be a world power. The only question is whether we can refuse the moral leadership that is offered us, whether we shall accept or reject the confidence of the world."

America rejected the advice of Woodrow Wilson. We preferred to rely on a continuation of the good luck that had never failed us. It was a desperate and unsuccessful gamble for which both we and the world have already paid an incalculable price. Nonetheless, there are those among us who are still unwilling to relinquish the dazzling illusions of our lost youth.

Our prospects have narrowed greatly since the lost opportunity of 40 years ago. I do not know how long it will be before they finally fade into darkness if we do not finally reconcile ourselves to the burden of continuing an onerous responsibility in a harsh and dangerous world. Our power is inseparable from continuing trusteeship; and this trusteeship, as Wilson perceived, derives not from choice, but from inescapable compulsions—"the compulsion of honor, the compulsion of interest, and the compulsion of humanity."

Our proper objective as a nation must still be "to make a society instead of a set of barbarians out of the governments of the world." Advancement toward this objective will require persistent effort in the face of inevitable frustrations. More fundamentally it will require the cultivation of qualities that are associated with maturity rather than youth—qualities of wisdom as well as resourcefulness, quiet determination as well as righteous dedication, and, perhaps most of all, moral courage in place of adolescent bravado.

The purpose of foreign aid, and indeed of our foreign policy as a whole, is the very gradual improvement of hu-



man life on earth. Our success is not guaranteed and if our efforts are to be coherent and sustained, we must accept this fact with sobriety and serenity. Besides patient and continuous effort we must bring to the task a little of a sense of mission—and I emphasize little. A consuming messianism will surely lead us to false hopes and frustration, while action without purpose is action without meaning or hope. But a little of a sense of mission can guide us—unencumbered by either extravagant hopes or unwarranted despair—toward worthy and attainable objectives.

Mr. President, in my opinion, a vote against the Byrd amendment is a sign that we have now accepted our responsibilities; that we recognize that this program will not finish next year, or even the next year. I do not know how long it will be with us. We have already had it for 12 years. Too many Members of this body thought each year that the program would be ended possibly the following year. Hence, we adopted the annual procedure. What this means, I believe, among other things, is that we recognize that we have a very long and difficult task and that we might as well accept it in earnest, try to plan for it, and organize our administration of it in such a way that the instances of confusion or of mistakes, which have been so prevalent and so widely discussed here today, can be stopped.

I ask unanimous consent at this point in my remarks to insert in the RECORD two short statements that are pertinent to the discussion.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

COMMENTS ON STATEMENT BY SENATOR BYRD ON AUGUST 8, 1961 (CONGRESSIONAL RECORD, P. 14014)

Senator BYRD said to the Senate on August 8 that "the foreign aid bill (S. 1983) now pending in the Senate would capitalize the proposed new Development Loan Fund from the proceeds from the sale of bonds, or other forms of interest-bearing Federal debt \* \* \*" and that "using the full amount of the Federal debt as it would be created for the development loan program, interest on \$8.8 billion, if computed at 3 percent and compounded annually for 50 years, would total \$29.7 billion."

The Senator inserts a lengthy table to sustain this point.

The Senator is apparently laboring under a fundamental misconception as to the difference in cost to the United States of financing the aid program under the borrowing authority proposal made by the President and recommended by the Foreign Relations Committee on the one hand and on the other hand the cost which would be occasioned by annual appropriations.

Two things should be pointed out. First, whatever the cost would be, it would be precisely the same under the committee's proposal and the Senator's own amendment. Second, it is farfetched, indeed fantastic, to compute the cost of any Federal program by extrapolating it on an actuarial basis for a particular period of years as the Senator has done.

As to the first point, it is correct as a technical matter that under the borrowing authority funds for the expenditures of the development lending program (not the total of each year's borrowing authority as shown in the Senator's table) would be covered by

funds derived from the sale of Government securities—just as in the case of each of the existing 24 Government programs financed by borrowing authority. However, this procedure does not have any different effect on the national debt than would the procedure under Senator BYRD's own amendment. As Secretary Dillon said in his joint letter with Secretary Rusk of July 18:

"Borrowing authority would not require an increase in the public debt or borrowing from the public any more than any other form of funding. Whether such an increase may be necessary will depend at any given time on the overall receipts of the U.S. Government as compared to its overall expenditures. Thus, the effect of the aid program on the public debt would be exactly the same whether the program were funded by borrowing authority or by annual appropriations."

It should be realized that every week the Government issues some \$1.7 billion in Treasury bills and a like amount of Treasury bills or other obligations is retired at a time when the budget is more or less in balance. When revenues are less than expenditures, these weekly issues will be larger or other debt obligations will also be issued. When revenues are greater than expenses, the weekly retirements of Treasury bills or other obligations may increase. In any case, the issuance of public-debt obligations needed to cover expenditures of borrowing authority programs fall well within this continuing pattern. Where appropriated funds are used, the pattern is the same. If more funds are needed for expenditures than are readily available in the Treasury, the issuance of public-debt obligations may be increased. If there is a surplus in the Treasury, the retirement of obligations may be increased.

In short, to repeat, the cost of the lending program under the Senator's amendment would be no less and no more than under the committee's proposal.

As to the second point, there is no more logic in capitalizing the cost of the aid program than any other program of the Government. If the same logic were applied, for example, to the recently voted \$47 billion defense bill, it could be argued that in 50 years it would cost the United States something like \$150 billion in interest for that program.

#### COMMENT ON BYRD AMENDMENT

The amendment would knock out of the bill the financing of development lending through borrowing authority and would substitute the appropriation method. The amount (\$8.8 billion) and the time period (5 years) would remain the same.

The Committee on Foreign Relations considered several alternative ways of financing the Development Loan Fund and rejected such alternatives.

The amendment would eliminate one of the most important features of the bill: the policy of placing development lending on a long-term basis instead of on the annual appropriation basis. This feature has been regarded as having the highest priority both by the Committee on Foreign Relations and by President Kennedy. It was recommended by President Eisenhower in 1957.

Borrowing authority rather than appropriation is the usual procedure for lending operations of the U.S. Government. Some 24 lending agencies and other Government corporations are financed by borrowing authority. About \$100 billion has been authorized for expenditure by the Congress in this way. S. 1983 requests borrowing authority only in the case of loans repayable in U.S. dollars. All other parts of the foreign aid program are to be financed through appropriations as usual.

Financing of lending by borrowing authority will be less costly and result in more effective programs overseas in the long

run. Foreign countries will be able to develop more effective economic plans because the plans can be long range since the United States would be prepared to match country contributions with U.S. loans over a long range. Money would also be saved through the elimination of any hasty obligation of funds at the end of the fiscal year for fear of congressional failure to reappropriate.

Experience since 1957 with the appropriation method of financing development loans demonstrates that an appropriation authorization is not a reliable basis on which the executive branch can make conditional commitments to foreign countries. Appropriations have averaged 30 percent less than authorizations.

The borrowing authority method does reduce control by the Appropriations Committees over development loans but the ultimate control by the Congress as a whole is not impaired. Appropriations Committees will review the loan budget annually but will be able to impose limits if some unusual circumstance has altered basic congressional policy. At the same time, the power of Congress to cancel the whole lending program, or to stop it at the end of any fiscal year, or to reduce it for future years, continues in effect.

There is no difference, as between borrowing authority and appropriation, in the impact which the development loan program will have on either the Government budget or on the taxpayer. The economic effect of either method of financing is the same. The money must ultimately be raised by the Treasury in the same way whether the borrowing authority or appropriation method is used; namely, by a combination of taxation and borrowing from the public.

The choice of method of financing makes no difference in the likelihood that foreign loans will be repaid. Repayment depends upon the economic conditions in the borrowing country. There has never been any default on a foreign aid loan. Repayments of principal and interest on foreign aid loans are now coming in at the rate of \$800 million per year.

Borrowing authority is not new to the Senate even in the foreign aid program. The Senate in 1957 authorized the establishment of the Development Loan Fund and 3 years of financing, the first year by appropriation and the next 2 years by borrowing authority.

Some have argued that this is purely a matter of committee jurisdiction. That is only one aspect of the question, but in that connection it should be pointed out that the Byrd amendment would result in the loss of jurisdiction over development loans for 5 years by the Committee on Foreign Relations which would, incongruously, continue to have jurisdiction over the remaining portions of the foreign aid program.

Mr. FULBRIGHT. Mr. President, I hope the Senate will reject the Byrd amendment.

Mr. BYRD of Virginia. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Virginia has 1 minute remaining.

Mr. BYRD of Virginia. I yield 1 minute to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, in my opinion, the objective so eloquently described by the Senator from Arkansas can be achieved through the adoption of the Byrd amendment. The Byrd amendment contemplates a 5-year authorization involving the same amount of money as is now contained in the bill sponsored by the Senator from Arkansas. However, it requires that each year Congress



shall take a look at the program to see what is being done.

In my opinion, to bypass Congress for 5 years in the expenditure of \$8,787 million is not sound. It constitutes an abdication of responsibility. In my opinion, the failure of Congress to operate in a supervisory capacity for 5 years—

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the Senator from Missouri.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas allow me half a minute in which to finish my statement?

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senator from Ohio may be permitted to finish his sentence, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. LAUSCHE. The abdication of responsibility for 5 years and the failure of Congress to review will lead to greater abuses and greater confusion in the future than has been the case in the past 12 years.

Mr. FULBRIGHT. Mr. President, I yield 2 minutes to the distinguished Senator from Missouri.

Mr. SYMINGTON. Mr. President, there is no Member of this body for whom I have greater respect than I have for the distinguished Senator from Virginia [Mr. BYRD]. As a member of the Committee on Foreign Relations, however, I have examined this problem to the best of my ability, and I do not understand why it is that we do not give to those who are working with the taxpayers' money the same prerogatives as would be necessary for good management in private business.

The idea that there can be planning for a year and then the necessity to re-plan, with commitments on that basis, is, to me, unbusinesslike. Such a procedure guarantees that sort of inefficiency which so many persons use as an excuse for opposition whenever the President asks for additional foreign aid with which to preserve our position against communism.

I congratulate the chairman of the Committee on Foreign Relations for the painstaking effort he has made to secure the facts on this question of long-term borrowing authority for the Development Loan Fund. His position is entirely sound. It is up to us to help to solve, to the best of our ability, the obvious problems which confront us in the world today. Therefore, not only as a member of the committee which approved the authority by a large majority, but as an American who is increasingly apprehensive concerning the position of the United States and the rest of the free world, I intend to vote to give the President this economic weapon he has requested.

Mr. FULBRIGHT. Mr. President, I yield the remainder of my time to the distinguished Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I commend the Senator from Missouri for

his statement concerning the fiscal management which is provided in the bill, which is succinct and states the problem very well.

The argument has been made by those who are opposed to the Development Loan Fund borrowing authority that mistakes, waste, and mismanagement have taken place in country after country. No one denies that. However, Congress has investigated, and Congress will be able to continue to investigate those complaints under any other borrowing authority.

I would not say that all the mistakes took place in one administration, because they did not. Mistakes have occurred in both administrations. However, I say most respectfully to the distinguished Senator from Illinois [Mr. DIRKSEN], the minority leader, that the cases he cited were mistakes made under a Republican administration. I only wish there had been expressed then, with the same alacrity, the same concern as is now expressed.

We need to ask ourselves some questions: Is the Development Loan Fund borrowing authority proposal new? It is not. It was recommended by the late Secretary Dulles, by former Secretary of State Herter, and by former President Eisenhower. In fact, in 1957, when President Eisenhower and Secretary Dulles asked for long-range, back-door financing, the following Senators supported them: Dirksen, of Illinois, Mundt, of South Dakota, Schoeppel, of Kansas, Knowland, of California, and Aiken, of Vermont. In all, 30 Republicans supported the President.

In 1959, under disguised borrowing authority—because there it was a 3-year authorization for appropriation, with fixed ceilings, all in one shot—the Senator from Illinois [Mr. DIRKSEN] offered the proposal.

So far as concerns the ability of Congress to control what the executive branch does, Congress has complete authority over the administrative funds. It can close the agency if it wishes to do so. I shall not go into the many areas of controls which are possible. The annual authorization for aid requires that four times a year the Development Loan Fund shall come before the appropriate committees of Congress and report.

Every Senator who feels he knows how to operate the program better than can the Administrator can investigate and investigate; and there is plenty of staff. If there is not enough staff, we can hire more. It might not be a bad idea to do that, in light of the formidable investigation involved.

Has this program been tried before? Has similar borrowing authority been authorized? Yes, it has been tried in 24 agencies which Congress authorizes and supports. Does it work? I believe so. At least, we must think it does, because Congress permits the same 24 agencies to continue to operate under exactly the same provisions as are contemplated in the bill.

What is the main argument for the bill? Administration. We know that foreign aid is needed. I heard the argument about Bolivia. I could not agree more fully with the Senator from Illinois

about the tragic situation in Bolivia. I hope we can do something to assist Bolivia. If we do not do it, what we shall do will be to present Bolivia to Castro or Khrushchev; and I am not about ready to let them have another country.

It seems to me that the argument about the need for foreign aid has long since passed. Of course foreign aid is needed. The only issue is: How can it best be administered? I do not know whether we can administer foreign aid and have the success we want. I agree that the program ought to be geared more closely to certain countries and not be spread universally. This was the point made by the chairman in one of his presentations to the Senate, namely, selective use of dollars, and selective use of the foreign aid program and the development loan program. The new administration seeks to provide reorganization of the foreign aid program, country by country, by providing a director for a regional office and centralized control, so that there will be some way of knowing what is happening to the program.

Mr. DIRKSEN. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. Mr. President, my time has been almost exhausted, but I am happy to yield.

Mr. DIRKSEN. Would the Senator be willing to exchange what we did in 1959 for what is called for in the pending bill?

Mr. HUMPHREY. I am not willing to exchange what was done in 1959 for what is provided by the pending bill, because the Senator knows that what was provided in 1959 did not work as was hoped. So the Senator has stated one of the best possible arguments against the pending amendment and in favor of the bill. In other words, after one has missed the ball game about three times, it is time to quit buying tickets. I say most respectfully to the Senator that the effectiveness of the argument he made against the amendment has been destroyed by his own words.

What we need to do is give the new administration an opportunity to do what it says it can do; and if the Congress keeps its eye on the program, as it certainly will, and also on the Development Loan Fund, we shall have a proper, fine program.

So I thank the Senator from Illinois for lending such incalculably valuable support to our opposition to the pending amendment and to our support of this program.

The PRESIDING OFFICER. All time on this question has expired.

The question is on agreeing to the amendments of the Senator from Virginia [Mr. BYRD], en bloc. [Putting the question.]

Mr. WILLIAMS of Delaware and other Senators asked for the yeas and nays, and the yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAYDEN (when his name was called). I have a pair with the Senator from Texas [Mr. YARBOROUGH]. If the Senator from Texas were present and



voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. WILEY (when his name was called). On this vote I have a pair with the Senator from Hawaii [Mr. FONG]. If the Senator from Hawaii were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Texas [Mr. YARBOROUGH] is absent on official business.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness. If present and voting, he would vote "yea."

The Senator from Hawaii [Mr. FONG] is absent on official business. His pair with the Senator from Wisconsin [Mr. WILEY] has previously been announced.

The result was announced—yeas 39, nays 56, as follows:

[No. 134]

YEAS—39

Aiken	Dworshak	Miller
Allott	Eastland	Mundt
Beall	Ellender	Robertson
Bennett	Ervin	Russell
Bible	Goldwater	Schoeppel
Bridges	Hickenlooper	Smathers
Byrd, Va.	Holland	Smith, Maine
Capehart	Hruska	Stennis
Carlson	Johnston	Talmadge
Case, S. Dak.	Jordan	Thurmond
Cotton	Kuchel	Tower
Curtis	Lausche	Williams, Del.
Dirksen	McClellan	Young, N. Dak.

NAYS—56

Anderson	Hart	Monroney
Bartlett	Hartke	Morse
Boggs	Hickey	Morton
Burdick	Hill	Moss
Bush	Humphrey	Muskie
Byrd, W. Va.	Jackson	Neuberger
Cannon	Javits	Pastore
Carroll	Keating	Pell
Case, N.J.	Kefauver	Prouty
Chavez	Kerr	Proxmire
Church	Long, Mo.	Randolph
Clark	Long, Hawaii	Saltonstall
Cooper	Long, La.	Scott
Dodd	Magnuson	Smith, Mass.
Douglas	Mansfield	Sparkman
Engle	McCarthy	Symington
Fulbright	McGee	Williams, N.J.
Gore	McNamara	Young, Ohio
Gruening	Metcalf	

NOT VOTING—5

Butler	Hayden	Yarborough
Fong	Wiley	

So the amendment of Mr. BYRD of Virginia was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, for the information of the Senate, I announce that there will be no further voting tonight.

#### ORDER FOR ADJOURNMENT TO MONDAY AT 11 A.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it adjourn to meet at 11 a.m. on Monday next.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SALTONSTALL. Mr. President, on behalf of myself, the Senator from New York [Mr. KEATING], the Senators from Connecticut [Mr. BUSH and Mr. DONN], and the Senator from Kentucky [Mr. MORTON], I call up my amendment identified as "8-4-61-D."

The PRESIDING OFFICER. The amendment offered by the Senator from Massachusetts for himself and other Senators will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 10, between lines 3 and 4, to insert the following:

SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—(a) In any case in which the amount of a proposed loan under this title exceeds \$10,000,000, such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless (1) a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the President of the Senate and to the Speaker of the House of Representatives, and (2) neither House of Congress shall have adopted, within a period of thirty days of continuous session of the Congress following the submission of such report, a resolution stating in substance that such House does not favor the proposed loan. Delivery of a report under this section shall be made to the President of the Senate and the Speaker of the House of Representatives on the same day. For the purposes of this subsection, continuity of session shall be considered as broken only by an adjournment of the Congress sine die, but in the computation of the thirty-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than three days to a day certain. A resolution under this section shall be subject to the procedures provided under sections 203 and 205, inclusive, of the Reorganization Act of 1949 (5 U.S.C. 133z-13 to 133z-15) for resolutions relating to reorganization plans under that Act.

(b) In any case in which (1) the report referred to in subsection (a) with respect to any loan is submitted to the President of the Senate and the Speaker of the House of Representatives during a period in which either House is in adjournment for more than thirty days, or (2) either House adjourns for more than thirty days before the expiration of thirty days of continuous session of the Congress following the submission of such report to the President of the Senate and the Speaker of the House of Representatives, such report shall be referred immediately to a special subcommittee of the Appropriations Committee of each House to be composed of seven members appointed by the Chairman thereof. If, prior to the expiration of thirty days following the submission of the report to the President of the Senate and the Speaker of the House of Representatives or following the adjournment of such House, as the case may be—

(A) a resolution referred to in subsection (a) has not been adopted by either House with respect to such loan, and

(B) neither of such special subcommittees shall have adopted a resolution stating in substance that it does not approve the proposed loan;

then, notwithstanding the provisions of subsection (a), the loan referred to in the report may be made. Nothing herein shall be construed to prevent the resubmission under subsection (a) at the beginning of the next regular session of the Congress of a report on a loan with respect to which a resolution of disapproval shall have been adopted by a special subcommittee in accordance with this subsection.

Mr. SALTONSTALL. Mr. President, I understand that the amendment is not to be debated or taken up tonight, but I would like to have it made the pending business.

Mr. HUMPHREY. Mr. President, I wish to inquire of the Chair, so there may be a clear understanding, what the pending question is. Is it the Saltonstall amendment?

The PRESIDING OFFICER. The pending question is the amendment offered by the Senator from Massachusetts for himself and other Senators.

Mr. HUMPHREY. Will that be the business as of Monday?

The PRESIDING OFFICER. The Senator is correct.

#### IMPACT OF O'CONNOR NOMINATION ON HARVARD, YALE, AND TEXAS

Mr. PROXMIRE. Mr. President, Yale University has conducted what is perhaps the most ambitious and extensive congressional intern program of any university in the Nation.

Top Yale students serve during their summer vacations in congressional and senatorial offices. I have taken full advantage of this program and have been the grateful beneficiary of some extraordinarily competent assistance from Yale students.

Phil Ritterbush, a Yale intern on my staff currently, did a very large part of the research involved in the comprehensive discussion I made earlier this week of the nomination of Lawrence O'Connor to the Federal Power Commission.

Today is Phil Ritterbush's birthday. My staff presented him with a bound copy of that debate. The note to Ritterbush progeny, to be read many years from now, may be of interest to Senators. This is it:

#### A NOTE TO THE RITTERBUSH PROGENY

Once upon a time, when there was a Harvard man in the White House, and when Yale men were stopped and searched on Capitol Hill, your grandfather helped set off one of the epic windstorms in the history of the U.S. Senate.

The subject of this 3-day oration (called by some irreverent people "The 3-Day Blow," after the Hemingway story of the same name) was gas, a vapor that was used for cooking and heating in a primitive era in human history before science loosed its full inventiveness upon man.

Living as you do in caves, all this furor over gas must seem a little trivial. But it wasn't. It was great fun, despite the fact



that the gas company shut off service to both Senator PROXMIRE and your grandfather. And the State of Texas declared your grandfather an international criminal, and dispatched the Lone Ranger and Tonto to bring him to justice.

After the speech, the Senate confirmed Mr. O'Connor, but he retired after 1 day on the Federal Power Commission in favor of Mr. Michael Mantle, of New York. The President, in appointing Mr. Mantle, was reacting to a rising tide of national concern lest a longstanding record in the national pastime be shattered. It all turned out well in the end, with Mr. O'Connor joining the Senator's staff as a research expert in oil and gas, and your grandfather returning to New Haven under a diplomatic exchange with the United States. (New Haven withdrew from the Union shortly after the election of a Harvard man.)

As for the Senator, he submitted the speech as a dissertation, and was granted a Ph. D. by the University of Texas.

### PROJECT AIDS CHILDREN WITH LANGUAGE HANDICAPS

Mr. HARTKE. Mr. President, the current hearings on the juvenile court and juvenile delinquency in the District of Columbia by the Judiciary Subcommittee of the District Committee have shown that many delinquents come from "multiproblem" families. They constitute the "hard core" cases which are receiving services from all of our social agencies, but they do not show appreciable signs of rehabilitation. Their offspring often turn up in our juvenile court and correctional institutions.

The public schools of Washington, D.C., are familiar with this type of family, and the slums they live in, simply because the schools must educate them. One of the more interesting attempts by the schools to reach the products of slum living before they are beyond our help is reported in this morning's Washington Post.

The schools have launched a language arts program for kindergarten children. These children, though they live in a city with buslines, do not know the word for "bus." They do not know the words for different colors. They cannot even identify different foods by name. To me and my colleagues, who use thousands of words each day to express an infinite variety of thoughts, it seems incomprehensible that even these common words are unknown to any of our children. It seems impossible that some of our children literally are unable to carry on a conversation.

There is, of course, no established relation between inarticulateness and delinquency, but I wish to point out that the inability of these slum children "to use their own English language to express their thoughts" is but one of the consequences of the impoverished lives lead by these families. Not only are they economically destitute, but they live in a social and cultural desert. This desert is located in the heart of our Nation's Capital. Juvenile delinquency breeds here. I am glad to see this pioneering effort by our public school system to come to grips with one of the many problems which afflict these people in the slum desert of our city.

Mr. President, I ask unanimous consent that the article "Project Aids Children With Language Handicaps," be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### PROJECT AIDS CHILDREN WITH LANGUAGE HANDICAPS

(By Carole Bowie)

A dozen 6-year-olds filed out of a special summer school class at the District's Langston School last week clutching drawings of "Harry the Dirty Dog"—the canine hero of a popular children's story.

At the doorway stood their teacher, Mary Elizabeth Jones, exchanging well-enunciated goodbys with each child. Before she dismissed the class, Mrs. Jones had asked each youngster to take his picture home and tell Harry's story to anyone who would listen.

The story, the picture and even the goodbye were all part of a carefully drawn plan to help the youngsters overcome their common problem—an inability to use their own English language to express their thoughts.

The student's problem, District educators think, stems from life in impoverished downtown neighborhoods where conversation is limited largely to communicating daily needs and adults seldom have the time or inclination to read or talk to children.

As a result, they point out, youngsters come to school not knowing words used in even beginning lessons dealing with such things as foods, animals, bus rides, or picnics. Nor are they prepared to listen to long explanations by teachers.

To overcome this language handicap, which School Superintendent Carl F. Hansen feels cripples the education of many slum children from the outset, the District last winter launched a program providing special language arts training for 1,900 students in 7 downtown schools.

The project called the intensive language arts program, is part of a million-dollar effort sponsored by the Ford Foundation to develop better educational techniques for children in areas where poverty, high school dropout rates, failures, and low achievement are common.

Unlike foundation-backed projects in other large cities which concentrate on remedial work at higher levels, the District project is aimed at training students to use language in kindergarten and the first three grades where Hansen believes success or failure begins.

Schools involved in the District effort—Cleveland, J. F. Cook, Scott-Montgomery-Morse, Seaton-Perry, Simmons, Slater-Langston, and Walker-Jones—are all in the blighted area bounded by T Street and Florida Avenue, North Capitol Street, Massachusetts Avenue and Ninth Street NW.

The 3-year project, which began in kindergarten and first grades and will reach the second grade this year, calls for extra language instruction in the classroom, in-service training of teachers, field trips and work with parents to extend the children's experience and improve language in the home.

During the 4 months Benjamin Henley, director of the project reports, all of the 1,900 students made a minimum of 7 field trips—including jaunts to the market, the University of Maryland farm—and some took their first bus ride.

Parents at Scott-Montgomery-Morse took their own field trip to Washington sites such as the Nature Center and the White House—aimed at giving them ideas of what they can do with their children. Others participated in special sessions explaining the project.

An extra teacher, including Mrs. Jones, was assigned to each of the schools to help train teachers in language arts techniques

and to give youngsters special training in conversation, pronunciation, and vocabulary.

#### SOME IN SUMMER CLASS

But even with the extra instruction, many of the kindergarten students had not conquered their problems by May when they were judged "not ready" to enter the first grade this fall. About 100 of the youngsters were enrolled in 7 summer classes, Henley said, "to see if 6 more weeks of school would help."

The problems Mrs. Jones encountered in "readying" her youngsters are not unusual for children 5 and 6 years old—but progress is slowed because of their lack of experience. Many, she pointed out, "don't know blue from red or that you move your eyes across a page from left to right."

"Most of the children," Mrs. Jones said, "are shy and withdrawn. They don't talk because they don't know what to talk about." Many of the words used in school also have different meanings and pronunciations in the children's homes, she said.

During the winter program, teachers use field trips to teach the youngsters new words and to give them something to talk about. In her summer class, Mrs. Jones reads a book a day to the students, listens as they retell the story in class, and urges them to retell it later at home.

To be ready for more complicated language training, the youngsters also must be taught to grasp concepts such as big and little, appreciate numbers greater than one, recognize differences among shapes and sounds and associate ideas.

For these lessons, Mrs. Jones relies heavily on visual aids and tape recordings—many of them teacher-made—to depict sights and sounds she thinks the children will know from home experience.

"I might show the children a cutout of two brooms and an umbrella and ask them 'which one is different' for a lesson in visual discrimination," she said. Students learn colors by fitting large red, blue, green, and yellow cutouts into slots by the appropriate word and numbers by counting circle.

The students also practice saying words distinctly, speaking in sentences and hearing the difference among sounds with the help of phono-visual charts.

Although it is too early to predict success of the District effort, Henley and Mrs. Jones can point to hopeful signs. Among them are classes where half the students will be ready for first grade in September.

And there is the youngster who used to jerk his head to keep from speaking who now bids a polite "goodbye Mrs. Jones."

Henley also sees "beginnings" in a group of fathers from Cleveland School who met at school and planned to take their sons to a baseball game and in parents who ask teachers to recommend children's books.

But most encouraging is a letter on Henley's desk from a mother, thanking the principal for the language arts program. Her son, the letter says, is not so quiet at home now and likes to tell her what he did at school.

### INTERNATIONAL AIR CADET EXCHANGE PROGRAM

Mr. HUMPHREY. Mr. President, yesterday it was my privilege to address a luncheon meeting sponsored by Pan American Airways honoring the participants in the Civil Air Patrol international air cadet exchange program.

A fine and public-spirited citizen of the Capital City, Mr. Barnee Breeskin, whom we all know very well, was the general chairman. He is a colonel in



It was spending money on helping more unfortunate men, women, and children around the world.

Russia's rocketry efforts date back to about 1945 with the importation of captured German scientists.

The same year, interestingly enough, that we began a massive program of aid.

Since that year the United States has spent more than \$87 billion on foreign aid, according to figures compiled by the Budget Division of the ICA.

This \$97 billion total does not include the money which will be voted by Congress for the 1962 fiscal year.

And in this time what was the great, allegedly humanitarian country of Russia doing to help the world's less fortunate?

For years it did nothing.

A table inserted in the hearings of the House Foreign Affairs Committee outlining the Sino-Soviet bloc credits and grants to less developed countries, shows that such help did not begin until 1954.

This was 9 years after the United States began supplying aid.

During the period from January 1, 1954, to December 31, 1960, the total Sino-Soviet aid was \$4.8 billion—compared with this country's \$97 billion.

Had the United States spent the \$97 billion it used for foreign aid on a mad dash to space, the first man to orbit the world would have done so in a red, white, and blue spaceship.

But, as troubled as the world may be today, it is still a better place because that \$97 billion was spent in helping others.

#### AWARD TO MORRIS FORGASH

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD a news item which appeared in the New York Times on Friday, August 11, 1961, entitled "Freight Company Head To Get Defense Award."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

##### FREIGHT COMPANY HEAD TO GET DEFENSE AWARD

The National Defense Transportation Association announced yesterday that Morris Forgash, chairman of the board and president of the U.S. Freight Co., would receive the group's 12th annual national transportation award.

The selection was made by the Joint Chiefs of Staff on the basis of achievements that "contributed to the effectiveness of the transportation industry in support of national security." The award will be presented Mr. Forgash at the association's 16th annual transportation and logistics forum in Denver September 17 to 20.

Mr. BRIDGES. Mr. President, this news story reports the fact that Mr. Morris Forgash, chairman of the board and president of the U.S. Freight Co., will receive the 12th Annual National Transportation Award, given by the National Defense Transportation Association, for his contributions to the effective participation by the transportation industry in support of our national security.

I know of no person more deserving of this fine recognition. Mr. Forgash is known personally to me as a distinguished leader in his field of endeavor. He has gained national renown as an authority in the difficult and complex field of transportation. It is worthy of attention also that Mr. Forgash has given freely of his time and energies to

assist, in an advisory capacity, those agencies of Government concerned with this vital problem.

I am very pleased to invite the attention of my colleagues and the American public to the announcement of this distinguished award which will be made in Denver during a meeting of the association to be held September 17 to 20.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. DWORSHAK. Mr. President, I commiserate with the American people in this tragic hour of our history, when there has been a complete surrender and abdication of its constitutional powers by the legislative branch to the executive department.

Mr. President, I share the concern of members of the Committee on Appropriations who this afternoon expressed apprehension that the powers of the Appropriations Committee were being diluted, if not destroyed, in an effort to placate the executive department and obey its mandates and dictates.

Over the past several years, as a member of the Appropriations Committee, I have listened in hearings to testimony given by representatives of the Department which has administered our foreign aid program. The same personnel at the top levels under the Truman administration, the Eisenhower administration and the Kennedy administration have appealed for powers to bankrupt the U.S. Government.

Local currencies will continue to pile up abroad. Revolutions will occur. Political dynasties will change. But there will be no effective change in the administration of our foreign aid program, in which, admittedly, there are waste, extravagance, and inefficiency, as well as maladministration, which have caused a tragic loss of billions of dollars to the American people.

The long-range back-door financing will aggravate, not remove, the deficiencies which are widely acknowledged as having been typical of our foreign aid program during the past decade.

I am sure, today, that the callous contempt displayed by this administration for the rights of the American taxpayers will become a political issue in 1962 and in 1964. Public sentiment throughout the United States is revolting against the cowardice displayed by the legislative branch of the Government, as it abjectly surrenders its constitutional rights and prerogatives, which will destroy our Government at a time when we should have unity, courage, determination, and strength to resist the Communist threat of aggression.

#### THE FULBRIGHT MEMORANDUM

Mr. BURDICK. Mr. President, I feel that it is my clear duty to add my sup-

port to the statements made in the memorandum of the Senator from Arkansas [Mr. FULBRIGHT] to Secretary of Defense McNamara concerning policy-making and educational and other activities by military officers. I endorse also the steps he proposes to take in reaching a solution to the problems posed by such activities. It is imperative that this country maintain its traditional stand of civilian authority over the Military Establishment and its members. Too many countries have yielded to temporary intrusion of the military into civil functions only to find that such an expedient led to the establishment of a country in which civilian control could not be reestablished. Democracy is thereby thwarted, and government by the consent of those governed becomes rule by force.

I realize that this is extremely unlikely in our country, but it is extremely unlikely only because we have zealously guarded at all times against any encroachment on the authority of the civilian Commander in Chief and his representatives in the Military Establishment.

It is my purpose in submitting these remarks to concur without qualification in the principle of civilian control of the military as expressed by the Senator from Arkansas [Mr. FULBRIGHT] in this manner:

Military officers are not elected by the people and they have no responsibility for the formulation of policies other than those of a military nature. Their function is to carry out policies formulated by officials who are directly responsible to the people.

Also, I ask unanimous consent to include as a part of my remarks an excerpt from President Kennedy's press conference of August 10 as reported in the Washington Post and Times Herald relative to the Senator's viewpoint.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

##### ROLE OF MILITARY

Question. Mr. President, there has been considerable argument in Congress in recent weeks about the proper role of military officers in educating the public on the dangers of communism.

Senator FULBRIGHT wrote a memorandum on it. There have been some orders issued in the Defense Department on the subject of proper conduct of military officers in this matter. I wonder if you could give us your views on this subject?

Answer. Well, Senator FULBRIGHT sent a memorandum to the Secretary of Defense at the request of the Secretary of Defense and expressed his views about a matter which is, of course, of concern to the Department of Defense.

The U.S. military, due to one of the wisest actions of our constitutional founders, have been kept out of politics, and they continue their responsibilities, regardless of changes of administration.

I have no idea what the politics are of the members of the Joint Chiefs of Staff, and I have appointed two of them since I have been President. And I have no idea what their views on politics are.

This is a most important protection for our country, and it is an equally important protection for the military. It prevents them from being exploited or discriminated against by political people in either body.



So, therefore, the problem always is how can the military remain removed from political life and how can civilian control of the military be effectively maintained and at the same time the military have the right and the necessity to express their educated views on some of the great problems that face us around the world.

So I think this is a continuing matter which the Secretary of Defense is giving attention to, and there is no desire to restrain or prevent any military man from speaking, but what we are concerned about, however, always is that they not be exploited for any partisan purpose.

I think basically it is for their own protection as well as the protection of the country. So in answer to your question, some of this arose because of an NSC decision in 1958, which placed special responsibilities on them. I think it is, therefore, an obligation upon those who placed those responsibilities upon them to clarify it in such a way that the common interest is protected.

So, in my judgment, Senator FULBRIGHT performed a service in sending his viewpoint to the Department of Defense and I am hopeful that every Member of the Senate on this and every other matter will continue to give the administration the benefit of their judgment. That is why we are all up here.

#### HANFORD, WASH., ATOMIC PLANT

Mr. METCALF. Mr. President, many of us are deeply concerned by the recent vote to waste 700,000 or 800,000 kilowatts of energy at the Hanford, Wash., atomic plant.

It is disturbing that, the day after the Russian cosmonaut circled the earth 17 times and landed safely in his homeland, directing world attention to his nation's accomplishments in the new space sciences, an alignment of vested

interests would even seek to prevent the construction of the world's biggest atomic generating plant in this nation.

The Hanford issue is more than a question of whether the Government shall build the world's biggest atomic generating station; it raises the question whether this Nation is going to be allowed, by those who have vested interests in the status quo, even to compete, in the technological fields, in the race for men's minds and loyalties.

Development of peacetime applications of atomic energy has been held to a snail's pace by private interests, which have blocked Government experimentation and construction of full-scale atomic generating units for nearly a decade.

One almost wonders how soon the lobbyists are going to insist that the Government cease and desist from experimenting with space travel, lest we interfere with conventional modes of transportation, and leave the development of a moonship up to private interests to undertake after sufficient traffic has developed to make it profitable.

If the Government is going to be stopped short every time a new science approaches practical application, then perhaps we had better start looking at opportunities to undergird our security by recapturing some of the old-fashioned means of production, including the generation of energy.

Along this line, I have had compiled a list of hydroelectric projects in the United States on which licenses will expire in the next 10 years.

Federal licensing of hydroprojects started shortly after the turn of the century. Fifty-year licenses which were

granted in the decade between 1910 and 1920 will expire in the coming 10-year period.

According to information I have been supplied by the Federal Power Commission, licenses for 46 hydroelectric projects with a total capacity over 1 million kilowatts, producing more than 10 billion kilowatt hours of energy annually, will run out between 1962 and 1971.

The Federal Power Act limits the licenses to 50 years. Section 14 of the act provides that the U.S. Government may take over and operate the projects. The act alternatively authorizes issuance of a new license with preference to States and municipalities, or the issuance of a new license to the original licensee under appropriate terms and conditions.

Under the Federal Power Act, takeover of a project by the United States at the expiration of a license must be preceded by at least 2 years' notice. Because of the planning, financing, and construction periods necessary to assure orderly utility operations, it may be desirable to give even longer notice of Government intent.

Under all the circumstances that prevail today, I think it is timely for the Nation to start considering policy in relation to these expiring licenses at once.

I therefore ask unanimous consent, Mr. President, to place in the RECORD at this point in my remarks lists of hydroelectric power project licenses which are expiring through 1971, and a list of major licenses which expired, or were surrendered and new licenses issued in the period between 1951 and 1961.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Major licenses expiring on or before June 30, 1971

Project No.	Plant name	Licensee	Location		Installed capacity (kilowatts)	Average annual energy (1,000 kilowatt-hours)	Date license expires
			State	River			
13	Green Island	Ford Motor Co.	New York	Hudson	3,280	34,000	Mar. 2, 1971
16	Adams-Schoellkopf	Niagara Mohawk Power Corp.	do	Niagara	169,500	1,470,000	Mar. 1, 1971
67	Big Creek Nos. 2-A and 8	Southern California Edison Co.	California	Big Creek	138,500	705,000	Mar. 2, 1971
82	Mitchell	Alabama Power Co.	Alabama	Coosa	72,500	390,000	June 26, 1971
120	Big Creek No. 3	Southern California Edison Co.	California	San Joaquin	110,000	744,000	Mar. 3, 1971
372	Lower Tule	do	do	Tule	2,000	19,000	June 15, 1970
400	Tacoma-Illium-New Ames	The Western Colorado Power Co.	Colorado	Las Animas and Lake Fork	12,800	42,600	June 30, 1970
420	Ketchikan Public Utilities	City of Ketchikan, Alaska	Alaska	Ketchikan Creek and lakes	4,200	(1)	Do.
472	Oneida	Utah Power & Light Co.	Idaho	Bear	30,000	53,000	Do.
486	Logan	do	Utah	Logan	2,000	12,000	Do.
503	Swan Falls	Idaho Power Co.	Idaho	Snake	10,625	97,000	Do.
568		Hill Interstate Mining Co.	do	Stratton Creek	150	(1)	Feb. 11, 1966
597	Stairs	Utah Power & Light Co.	Utah	Big Cottonwood	1,000	5,000	June 30, 1970
619	Bucks Creek	Pacific Gas & Electric Co.	California	North Fork Feather	40,000	200,000	Dec. 31, 1968
665	Santaquin	Utah Power & Light Co.	Utah	Summit Creek	880	2,800	June 30, 1970
671	Alpine	do	do	Dry Creek	1,750	4,000	Do.
696	Upper American	do	do	American Fork	950	5,000	Do.
703	Paris	do	Idaho	Paris Creek	650	2,900	Do.
713	Upper Mill Creek	do	Utah	Mill Creek	300	1,400	Do.
1393	Metalline Falls	Pend Oreille Mines & Metals Co.	Washington	Pend Oreille	3,600	6,800	July 15, 1962
1521	Pelican City	Pelican Utility Co.	Alaska	Stream on North Shore of Lisianski Inlet	500	(1)	July 21, 1966
1533	Salyer	Swanson Mining Corp.	California	Trinity	1,600	170	Sept. 30, 1965
1663	(1)	Lambda Chemical Products Co.	Washington	S. F. Stillaguamish	350	(1)	Dec. 31, 1967
1740	Cokeville	California-Pacific Utilities Co.	Wyoming	Pine Creek	350	1,000	Do.
1744	Weber	Utah Power & Light Co.	Utah	Weber	2,500	24,000	June 30, 1970
1746	(1)	E. L. Cord	Nevada	Leidy Creek	100	(1)	Sept. 30, 1961
1759	Twin Falls-Peavy Falls-Way Dam	Wisconsin Michigan Power Co.	Michigan	Menominee and Michigamme	22,540	108,000	June 30, 1970
1855	Bellows Falls	New England Power Co.	Vermont	Connecticut	43,100	220,000	Do.
1878		Jardine Mining Co.	Montana	Bear Creek	880	(1)	Dec. 31, 1968
1880		Calvert Corp.	Alaska	Hanley Creek and lake	280	(1)	Sept. 30, 1968
1881	Holtwood	Pennsylvania Power & Light Co.	Pennsylvania	Susquehanna	108,800	600,000	June 30, 1970
1888	York Haven	Metropolitan Edison Co.	do	do	19,620	120,000	Do.
1889	Cabot-Turners Falls	Western Massachusetts Electric Co.	Massachusetts	Connecticut Canal	55,840	248,700	Do.

Footnote at end of table.



Federal impacted area legislation, we do not help that situation by accepting the Senator's amendment on national defense education, and thus retreating further. After all, what are we in favor of? I shall state now what I am in favor of. I am in favor of the enactment of as much of the administration's bill, at this session of Congress, as it is possible to have the Senate pass. In the interim let the people of the country react, in the hope that they will make clear to Members of the House of Representatives that when they return to Congress in January, they had jolly well better get busy and pass a comprehensive aid-to-education bill.

But the Senator from New York and I have been here long enough to know that if a good legislative program is cut into tatters by means of the passage of few segments of it, that decreases the chance of ever having the original comprehensive program enacted into law. That is what I am afraid of, and that is what I am afraid the Senator from New York is going to help accomplish. I know he does not intend that; he does not mean to do that. He takes the position that if a retreat from it is to start, and if we are going to do this, why not do more? In other words, he states that quite a case can be made for National Defense Education Act amendments. That is true.

Because I know he must leave the Chamber in just a moment, I now pause, to enable him to comment on that.

Mr. JAVITS. I thank the Senator, I must leave.

I shall think over what the Senator from Oregon has said. I take his words very seriously. And we shall make our arguments in due course.

Mr. MORSE. I thank the Senator very much. Later, I shall be glad to comment further on this subject. But now that the Senator from New York has announced that he intends to offer a National Defense Education Act amendment, I do not think I should leave the record as it now is, without a reply by the chairman of the subcommittee.

This morning a very interesting delegation waited on me. The group had had its letterhead printed, and it included a very interesting list of names—not the names of Members of Congress, but the names of outstanding Republican laity. Apparently they smelled a political issue; their nostrils seemed to be extended. Apparently they were already in hot pursuit of what they think will be a vote-catching issue. When they were in my office, they stated, with great emphasis and with ill-concealed political innuendos, that I had better go along. But, of course, when people talk that way to me, they are my meat. I made it very clear that I had no intention of going along with any such proposal; that, in my judgment, much of the National Defense Education Act program will not come to an end, although some of it will; but that they can wait for 4 months; and that so far as the chairman of the subcommittee is concerned, I would do my best to get them to wait for 4 months. I indicated that I thought it would be most unfor-

tunate if only certain parts of the National Defense Education Act program were to be extended for 1 year, because I think it important for the American people to understand what happens when the House of Representatives does not fulfill what I consider to be its full responsibilities in regard to a comprehensive aid to education program. I said I could well understand how that might be considered good Republican strategy; but I said that, as a Democrat, I was going to do the best I could to get my fellow Democrats in the Congress to keep faith with the President's campaign promises across the Nation, in campaign speech after campaign speech in the historic presidential election campaign of 1960.

Let the record show once again that, in my opinion, Democratic Members of Congress have a great obligation, which they owe to the American people who voted for John F. Kennedy to be President of the United States, to enact a comprehensive Federal-aid-to-education bill in line with what the President of the United States, when a candidate, promised time and time again across the country. The President has not let down the people of the Nation on this pledge, but many Democrats in the Congress have.

Let me make very clear that the President did not limit his pledges to school construction; and when Democrats want to limit the legislation to school construction, of necessity they must go on record as not supporting the President's program—which, of course, is their right, and also their duty, if they think that is really in the public interest.

Yet there is something about that position which bothers me, because we can take judicial notice of the fact that many thousands of votes went to candidate Kennedy in preference to candidate Nixon because candidate Nixon did limit himself to school construction. I say to Democrats in the Congress that I am not voting to enact the Republican program in the field of education. I want to enact a Democratic program.

To my good friend from Montana [Mr. METCALF], whom I consider to be one of the greatest authorities on education in the Senate, and who has stood shoulder to shoulder with me throughout the session in this whole field of education, I say that I want to enact the program we promised. I just do not think it is cricket for Democrats to walk out on that program.

As I said to the Democratic leaders the day before yesterday, and as I say on the floor of the Senate; Members of Congress are mistaken if they think the voters have a short memory. So I say tonight, before I go back to the subject matter I was discussing before the very interesting announcement the Senator from New York [Mr. JAVITS] made, I am not going to support a watered down, politically motivated, legislative horse-trading program on education legislation to be enacted in the dying days of this session of Congress.

I hope, after due reflection, that enough Democrats in the Congress will make clear to those responsible for the

legislative program of the Democratic Party in the Congress that they want the Democratic Party to return to its pledges and keep them.

If there are those who think there has been a change of opinion among Democrats as to what the legislative program on education should be, all I ask is that they be given a chance to vote on it. That is pretty reasonable, is it not? One would have a pretty hard time trying to explain the democratic process in any of the so-called underdeveloped areas of the world if, after the elementary lecture we gave them on the right of the ballot, the right to select one's representatives, the right to have the majority view prevail in regard to legislative policy, he then undertook to explain a procedural setup in the parliamentary body of this country designed to prevent the majority view from prevailing. It is hard enough to explain it to citizens of the United States, but it cannot be explained to people who must make the decision as to whether they are going to join the side of the free way of life, where the basic precious rights of self-government are supposed to exist, or join the side of the totalitarian way of life.

As for me, I will face the reality that there is a need, and a very serious need, to see to it that a federally impacted area program does not die upon adjournment, somewhere between the 15th of September and the 1st of October.

I also will face up to the reality that the majority view on the merits of the question is for an extension of that program. Although I would rather keep it as a part of the comprehensive program, I am willing to extend that program, separate and distinct from any other legislation. But I am not willing to do it as a part of the so-called National Defense Education Act, because it would be a misnomer, as will be shown when we get into the debate on it next week. It is not as vital as lobbying groups and others are trying to make the American people believe. It is not vital, from the standpoint of national defense, that it be extended. But what is vital to the security of the country is that an education program, so sorely needed, not alone for one-third of the school boys and girls of America, but for all of them, be enacted into law before adjournment.

I had not the slightest idea that I would make this speech on education until I heard the Senator from New York. I did not want the RECORD to close with his announcement and no answer to it. This is my answer to it, and I shall continue to answer it as the debate on the education starts after we complete action on the foreign aid bill.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Montana.

Mr. METCALF. At some future time I hope to comment on the remarks of the distinguished Senator from Oregon, and to discuss further, before we consider the measure for extension of the impacted areas law, some of the matters the Senator has briefly touched on tonight.



## FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MORSE. Mr. President, in my judgment the best interests of American foreign policy have been advanced by the historic vote by which the Senate defeated what I think would have been a most unfortunate amendment to the foreign aid bill had it been agreed to. Our victory in the defeat of this amendment does not mean that the foreign aid bill as brought to the Senate is assured of final passage in the Senate. Therefore, as we close the session today I should like to read into the RECORD, so that my colleagues can consider it as we proceed with our deliberations next Monday, a telegram I received from Secretary of the Treasury Douglas Dillon, who is chairman of the American delegation at the Montevideo Conference in Uruguay which is seeking to work out a hemispheric agreement in respect to the implementation of the Alliance for Progress program which President Kennedy has recommended to all the people of the hemisphere.

I was concerned about the Byrd amendment and what I considered to be the almost certain detrimental effect it would have had at the Montevideo Conference had it been agreed to, because I think it would have been greatly misunderstood and would have made the success of the American delegation very doubtful.

I speak about this briefly tonight in my capacity as chairman of the subcommittee of the Senate dealing with Latin American affairs and as one of the two Senate delegates the President has asked to represent the Senate at the Montevideo Conference, subject to our going there after the Senate disposes of the foreign aid bill. I am following the Conference very closely, being briefed in regard to what is going on there each day as a member of the delegation.

I am very happy that the Byrd amendment was defeated because in my judgment its defeat greatly strengthens the position of the American delegation at Montevideo. But we have other hurdles to get over next week in connection with this bill.

I have great confidence that we shall succeed. But I think it is particularly fitting that we keep in mind the suggestion that the chairman of our delegation at Montevideo set forth in his cable to me, which I shall read:

URUGUAY, August 8, 1961.

Senator WAYNE MORSE,  
U.S. Senate,  
Washington, D.C.

DEAR WAYNE: Three days here have heavily underlined overriding importance of our having authority make long term commitments to match major effort which Latin American countries now prepared to make on their own behalf. Lack of this authority will seriously prejudice our ability to carry out concepts of alliance for progress which

have now become basic to our relations throughout the hemisphere. Hope these considerations will be borne in mind during Senate consideration foreign aid legislation as well as serious effect which rejection of request for authority to make long-term commitments would have on present conference.

Best wishes,

DOUGLAS DILLON.

Although the cable was personal, in a sense, it was also official. It was sent by the chairman of the delegation to me as a member of the delegation, and I think that it is particularly helpful, because of the surrounding facts and circumstances and because it is a message direct from the chairman of the American delegation at what I consider to be the most important and most significant historic conference in which the United States has ever participated, so far as Latin American relations are concerned.

I was a little disturbed this morning when I read in the New York Times a story which indicates that because the Latin American countries are not coming forward at Montevideo with specific reform plans, some votes may be lost on the foreign aid bill in Congress. This is not to say that the United States should not try to make reform a prerequisite of American aid, because I think we should. The Senator from Iowa [Mr. HICKENLOOPER] and I, representing the Congress at the Bogotá conference in Bogotá, Colombia, last September, made that point the major thesis of our representations at that conference.

The chairman of our delegation at that conference was Douglas Dillon. He represented the United States at that conference in his capacity as Under Secretary of State, and the record shows that when I got back to the Senate I reported that he had performed a magnificent job of statesmanship and leadership in behalf of our country at Bogotá, as I am convinced he is again doing as the chairman of our delegation at Montevideo.

At Bogotá Secretary Dillon stressed the fact that the Latin American countries must face up to the reality that some basic economic and fiscal reforms, including tax and land reforms—basic reforms in respect to needed programs of social justice, and needed reforms in respect to the housing of the multitudes of unhoused people, must be adopted by the Latin American governments themselves if they hope to expect the American people to contribute the vast sums of money which we all recognize must be made available by the United States to Latin America, to help Latin America help itself.

At the Montevideo Conference, the Secretary of the Treasury, Mr. Dillon, has made perfectly clear that if he can get a cooperative program, a truly mutual aid program, implemented by the wholehearted cooperation of our Latin American neighbors, the United States will give consideration over a term of years to a possible total aid program of some \$20 billion.

But Senators will note in the reports of the speeches and statements that Secretary Dillon has made at Montevideo—and I can assure Senators that these

press references have been accurate as to what the Secretary actually said at the Conference—Secretary Dillon has made very clear that there must be a cooperative self-help program agreed to by any Latin American country which hopes to work out a loan or grant program with the United States in connection with any of the projects that we all know are sorely needed, if the standard of living of the masses of the people in many Latin American countries is to be raised.

I wish to stress that, it seems to me, the New York Times story misses this point. This does not mean that we have taken any position that we will dictate the terms and conditions of such reforms but, rather, we will point out that the program is a two-party program, and we must necessarily fulfill our responsibilities to the taxpayers of the United States to make certain that the money will be in no way wasted, but will be spent in a program in which the Latin-American countries themselves participate and do their share.

It should be pointed out that that reform, however, is not a prerequisite for aid in those countries which are the biggest recipients, in the sense that the reform must meet certain standards and conditions which we lay down.

Mr. President, I return to the subject matter of the terms, conditions, and policies which ought to prevail in respect to American aid, military and economic, to Latin America and elsewhere in the world. I stress the fact that that policy is negotiable. That policy is bound to be the subject of diplomatic exchanges and conferences and understandings and agreements. It involves a subject which we cannot straightjacket. It involves a subject which we cannot set out in so-called contracts, as we set out terms and conditions in a contract which contracting parties enter into with respect to leases, agreements to purchase and sell, arrangements for loans in the use of property, and so on, because we are dealing—and let us be frank about it—with basic questions of sovereignty.

The newspaper stories which have appeared with regard to one aspect of the Montevideo Conference, I think, have made a mistaken interpretation that some of the proposed modifications and amendments which have been offered by some of the Latin American delegates at the Montevideo Conference indicate they are going to insist upon grants and loans with no understandings whatsoever in regard to the course of action they may have to follow in their countries as conditions relative to the loans and grants. It does not mean that at all. What has happened in Montevideo in respect to this matter is that Latin American countries have, very rightly—exactly as we would if we were in a similar position—made clear that they are not going to contract away in any respect whatsoever any rights of national sovereignty.

Therefore, they have made certain suggestions for modification in both the format of and the procedures relative to various proposed international commissions or committees which are to be set up for the implementing of and the administering of the program.



I have no doubt, Mr. President, that we shall have some problems in connection with some of our loan and grant aid programs in some Latin American countries with some of the oligarchies which control so much of the wealth of some of those countries. They may still have some reservations and doubts about the fact that it cannot be expected they will continue to exercise economic dictatorship over the masses of the people of Latin America and survive. This will take a few years, I think. The great, wealthy families and powerful economic interests in some of the Latin American countries who have been exploiting their own people for generations and taking the cream of that economic exploitation out of Latin America and investing it in New York and Swiss banks, not returning it for the benefit of the masses of the people or for the development of the economy of the country as a whole, are waking up. They are beginning to realize that unless they change their economic policies great revolutionary forces—in some instances Communist but in more instances non-Communist—will simply remove them from positions of economic dictatorship. We see it. Many enlightened leaders in Latin America see it.

We made a great first advance in regard to this in the Act of Bogota. It is my prediction that the second great advance will be the Act of Montevideo which will finally result from the negotiations and discussions, and the agreements which will be reached at the great conference in Montevideo presided over by Douglas Dillon.

Mr. President, there is one phase of this Latin American problem about which I should like to warn the Congress.

We certainly shall run into trouble in Latin America, and we shall lose out in Latin America, if we take the position we are going to follow one policy in Latin America and quite a different policy in other parts of the world in regard to insisting upon the adoption of a self-help program in the recipient country.

As chairman of the Senate subcommittee which deals with Latin American affairs, I have done my best during my years of service on the subcommittee to get our Latin American friends to see the importance of their supporting needed reforms in Latin America, as I say, in fiscal policy through taxation. As I have said, in many places in Latin America, because I talk the same way there as I do in the Senate of the United States or elsewhere in our country, "You have to do something about your great national pastime, which is tax evasion. If you wish to create understanding in the United States—and it is as important that there be better understanding in the United States of Latin American policy as it is that there be better understanding of U.S. policy in Latin America—and if you wish to create a hemispheric atmosphere of good will and understanding as between the people of the United States and the people of Latin America, then you must do something about tax evasion in Latin America. You must adopt tax reforms based upon ability to pay, so that your great, wealthy families will pay at least a fair tax con-

tribution toward the support of your country. Similarly, there is a need with regard to land reform and health and education reform."

Mr. President, this involves the whole gamut of housing, employment, and the economic and social lives of the people of Latin America. I am in favor of the same reforms in other countries we support and help. I have not heard a word spoken in the Congress about any proposal for Spain, Portugal, Thailand, Formosa, or a whole host of other countries into which we are pouring and have poured for years huge sums of money. It ought to be expected. These countries ought to be asked to do these things. Loans ought to be negotiated or grants made on the basis of certain agreements concerning some reforms in those countries.

We will build up a very unfortunate misunderstanding and antagonism in Latin America if we take the position that we will make loans and grant aid programs on terms and conditions in Latin America that we do not insist upon in other parts of the world.

It is the old story of where we can lose a lot of friends by following a policy of unfair discrimination. We are not in a very good position to follow a policy of economic discrimination, any more than we are in a very good position to follow a policy of race discrimination. If we have not learned yet, if we have not faced up to the fact that our policy of race discrimination in the United States is one of the most costly mistakes that we make in respect to American foreign policy, then I do not know what it will take to get the American people to face up to that ugly fact. But it is an ugly fact. The United States must stop following a policy of double, triple, or quadruple standards. The United States must follow, in the field of foreign policy, a consistent, uniform policy in which we apply our policy uniformly and equally in our relations with all countries.

So the New York Times story causes me to point out that it is always said by the alibiers and rationalizers of the discriminatory foreign policy that we must keep supporting feudal governments in places like Iran and Thailand, because they are on the borders of communism, and even keeping corrupt governments in power in those countries is better than having the Communists take over.

I wish to say to those rationalizers that I do not yield to them in my hatred of communism, but I wish they were equally concerned with the loss of human life in feudal countries and Fascist countries as they are with the loss of human life in Communist countries.

Lost human rights are lost, no matter what the form of the police state is, and the individual who is denied human rights in a Fascist country is no better off than an individual who is denied human rights in a Communist country. The only difference happens to be the difference in procedures and techniques for denying the human rights.

Thailand was adjudged, for example, by the International Bank for Reconstruction and Development in 1959 to have one of the worst tax-evasion prob-

lems in Asia. Moreover, what tax laws it does have are extremely regressive. The Bank reported that direct taxes on individual and corporation incomes combined in Thailand produced only 7 percent of the Government revenue, with indirect taxes providing over 90 percent. Some taxes. Well, it is the kind of tax system that the rich like. It is the kind of tax system that families of the oligarchy like. It is the kind of tax system that the exploiters of the masses like. But it is not just or right.

So when we hear the great concern expressed about the need for tax reform in Latin America—and I share that concern—I would like to have those in Congress who express that great concern also to express a little concern about the need for tax reform in Thailand, Formosa, Iran, Spain, Portugal, and every other totalitarian government that we support. I may be hoping for too much, but I never give up hoping.

Their silence on the subject matter does not make their position right.

I do not know that anyone is proposing that tax and land reform in Thailand be made a condition of American aid. To the contrary, we are proposing more aid to Thailand now than ever before.

Mr. President, I am not overlooking Pakistan, or the demand for more money for Pakistan, even clearly suggested by the President of Pakistan as he used the rostrum of the joint session of Congress to indicate that we had better give it to him. I did not buy his bill of goods. We would not make a Democrat out of one who used democratically phrased verbal patterns. I recognize that Pakistan is not a democracy. I do not buy the argument that it is all right to urge reforms in Latin America, but, of course, we should not suggest such reforms to Thailand, Pakistan, Formosa, Portugal, Spain, or Iran. In Iran we have supplied more than \$1 billion in aid. Yet tax and land reform are being resisted there as much if not more than in Latin America.

There has been plenty of evidence in the last week of how upset and jittery Members of Congress are about having one Communist-oriented government in our hemisphere. How would they feel about having a half dozen? Obviously it is as important to us to have non-Communist governments in the Western Hemisphere as it is to have non-Communist governments in Taiwan, Thailand, and Iran. We have given the latter countries plenty of time to embark on reform or not to, depending upon their own choice.

It seems to me that we should be willing to give the Latin American countries some time, too. Better yet, some real strings might very well be attached to all American aid. If we are going to insist on getting tough in Latin America, we should get tough in the Middle East and in Asia, too. At least those countries are not so close to us as Latin America is.

I ask unanimous consent to have printed in the *RECORD* at this point excerpts from an article entitled "International Bank for Reconstruction and Development," dealing with some of the tax problems and other problems of Thailand.



There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT, 1959  
ADDITIONAL TAXATION

Allowing 300 million baht a year for tolerable Central Bank borrowing by the government, the financial gap remaining to be met in mobilizing financial resources for prospective government requirements including those of the proposed development program, is likely to be in the order of 300 million baht in 1959 with an annual increase to about 900 million in 1961-63. It should be possible to meet this prospective gap through additional taxation and improvements in tax administration.

Thailand's present tax burden is lower than that of many countries at the same stage of development. Recent government revenues have been around 14 percent of the gross national product, which is not a particularly high figure and less than that of many other Far Eastern countries. Furthermore, Thailand is behind most other countries of the Far East in imposing and collecting direct taxes on individual and company incomes. Such taxes provide only about 7 percent of total government revenue while more than 90 percent comes from indirect taxes. This makes the system more regressive than necessary because of the relatively light burden of actual tax collections from individual and company incomes.

In part, it is the rate structure and the nature of legal exemptions that cause direct taxation to make such a poor showing. But a major part of the problem is one of tax administration and tax enforcement. Evasion of income taxes is commonplace. The mission recognizes that it is especially difficult to enforce an income tax in Thailand. But similar difficulties exist in other countries of Southeast Asia, where direct taxation is a much more important part of the revenue system. One cannot escape the conclusion that the poor yield from income taxes is largely attributable to inefficiency and understaffing of the tax administration.

It will probably be some time before the income tax can be adequately enforced, but unless a start is made, its enforcement will always remain weak. Many changes are needed. At present, tax returns are examined only for arithmetical correctness—no attempt is made to see if the dependents claimed are alive, let alone to verify if the income reported even approximates actuality. Nor is there any effort to insure that returns are actually made, although this would be an easy matter at least for taxpayers who are registered members of a professional body (doctors, lawyers, engineers) or of a business association.

These illustrations point to the need for a regular and thorough auditing program. A sizable but changing sample of returns should be carefully examined each year. Even this could not be undertaken with the present staff, which is too small and untrained to do the job. At least 10 to 20 tax officials should be sent abroad to receive training in modern methods of assessment and auditing. With them as a nucleus, sufficient additional officers should be assigned to the task of auditing to insure its effective performance.

In addition, the income tax laws themselves need to be changed. The use of simple methods, such as a flat percentage tax on gross business receipts less standard deductions, is made necessary by the large proportion of small industrial and commercial firms. But the minimum tax actually applied to business profits, (0.3 percent of gross receipts) is very low, while the deductions applied to business profits and professional incomes are inordinately high.

Improving the law and strengthening the enforcement of income taxes is only one way in which revenues can be increased and the revenue system made sounder and more equitable. There are many taxes, common to most modern tax systems, that are not levied at all in Thailand or, if levied, are much less productive than they should be. Thus there is a general land tax, but it is only nominal, rates and assessments being so low that outside urban areas the yield averages little more than 1 baht a rai (about 12 cents an acre). Unlike many other countries, Thailand does not impose any charge for the improvement of land irrigated through state works. As stated in chapter II, we strongly recommend the introduction of such a charge.

Another anomaly in the Thai revenue system is that there is no tax on owner-occupied housing and other real estate improvements, but only on rented premises. In most countries, such property taxes provide the major part of local revenues. Institution of such a tax would permit the central government gradually to reduce the present subsidies to municipalities, and would encourage the latter in adopting a more vigorous and independent attitude toward their problems.

Thailand has no inheritance or gift tax. And although turnover and sales taxes are levied in the form of the so-called business and purchase taxes, their enforcement, like that of income taxes, is lax. Many luxury goods could well bear much heavier excise or customs duties than at present. And the import duty schedule needs to be thoroughly examined and revised, not only to raise more revenue, but also to eliminate inconsistencies and disincentives to industrial development.

Using this analysis as a base, the following additions to revenue, beyond that to be expected from normal growth, should be realizable without serious difficulty or undue burden on the economy:

(1) Revision of the personal income tax schedules and steady improvement in income tax enforcement which should yield an additional 50 million baht in the first year, and should make it possible within a period of 5 years to double present personal income tax revenue;

(2) Increases in company income taxes and revisions of deductions to add annually about 50 million baht of additional revenue;

(3) Additional customs and excise duties, mainly on petroleum and luxury products, to produce at the outset an increase in revenue of about 200 million baht;

(4) Doubling of the present nominal land tax rates which should add 50 million baht a year to revenues of provincial governments;

(5) Imposition of the charges recommended in chapter II on lands improved by state irrigation works. Because of the time required for classification of irrigated lands and for completion of irrigation works now under construction it is doubtful that the full potential of this tax could be realized in the next 5 years. It should be possible, however, to begin collections in 1960 and to bring them up to 50 or 60 million baht a year by 1963. After 1963, with the completion of the major irrigation works now in progress, revenue from this tax should increase to 150 million baht or more;

(6) Development of substantially larger independent revenues of municipalities. The most important possibility for this is through taxation of owner-occupied housing and other real estate improvements. It is difficult to estimate the practicable revenue possibilities for such sources but at least 30 million baht a year should be a reasonable expectation within a year or two and eventually 120 million or more; and,

(7) Adoption of an estate duty, the possible revenues from which are again difficult to estimate but which should rise to around 50 million baht as administrative and enforcement procedures are worked out.

These are moderate tax proposals which could be imposed without involving really heavy tax burdens. Yet the proposals, with allowance for the growth in revenue they would produce over time, should be quite adequate to fill the remaining gap between the estimated financial requirements of the Government and the other prospective resources for meeting these requirements during 1959-63.

Mr. MORSE. I ask unanimous consent to have printed in the RECORD at this point an article from Newsweek of June 26, 1961, entitled "The Shah of Iran—Will His Land Have a Revolution From Above?" No one can read that article without recognizing that there is need for land reform in Iran.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE SHAH OF IRAN—WILL HIS LAND HAVE A  
REVOLUTION FROM ABOVE?

A plume of dust feathered up behind the wheels of the L-20 reconnaissance plane as it skidded down the town's dirt-strip runway and came to a halt in front of an honor guard. From the cockpit window, an arm reached out and jabbed the imperial standard of Iran into a socket. For the tall man in blue air-force uniform who climbed down from the plane one day last week was Mohammed Reza Pahlevi Shahinshah (king of kings) of the 2,500-year-old kingdom of Iran.

As the Shah saluted the waiting guard, less admiring soldiers watched his moves from across Iran's northern frontier. Only a few hundred feet away, on the northern banks of the Aras River, a group of Soviet soldiers inspected the ceremonial with amused curiosity. But the Shah ignored the nearby Russians and drove to an open field just west of the tiny town of Julfa (population: 500), high in the northwestern tip of Azerbaijan Province. There he brought a gift for Julfa's peasants.

Under a hot June sun, the perspiring Shah presented 94 of the town's share-cropping peasants with a white scroll making each sole owner of 21 acres of Iranian soil. Of one, whose dirt-stained hand reached out eagerly from a frayed cuff, the Shah inquired: "Are you happy?" But the peasant could not understand his monarch; nor could the Shah understand the peasant's answer—for the Shah speaks Farsi, the peasant a local dialect called Turki.

In that scene was all of Iran today—the sincere effort to correct the abuses of centuries, the King and peasant unable to understand each other, the Soviets watching, nearby.

It is the Russians, long hopeful of gaining access to the warm-water ports of the Persian Gulf, who present the most open threat to the Shah's Peacock Throne. The Red army which actually occupied Azerbaijan after World War II, until United States and United Nations pressure forced it out in 1946, is still poised along the 1,000-mile Soviet-Iranian border. And every day, Soviet broadcasts call on the Iranians to revolt. "The Red army," Nikita S. Khrushchev once boasted to the Shah, "can destroy Iran with a minimum of trouble, and there's nothing you can do about it." To Communist Walter Lippmann, he recently added: "Iran will be the next."

Ally of the West: To block that constant danger, the Shah has joined the Western alliance. Iran is not only a member of the Central Treaty Organization (with Britain, Turkey, and Pakistan) but enjoys a separate mutual-security treaty with the United



States. The United States is helping Iran build dams and highways; it has shipped the Shah more than \$500 million in military aid, including F-86 jet fighters and Patton tanks.

But the far greater threat to Iran today is not of Soviet invasion. It is the threat of subversion and revolt. There are 1,000 Soviet Government agents attached to the Soviet Embassy in Teheran. One of them—the Tass man—recently persuaded a group of bakers to go out on strike by sitting in at one of their meetings and asking provocative questions. Yet the Communists are not alone—hundreds of thousands of patriotic Iranians are also clamoring for a change. Their discontent arises out of Iran's own poverty and backwardness.

To the Iranian peasants of Azerbaijan, Russia is not just a military power, but a land of modern factories, vast collective farms—and high living standards. By contrast, Iran's peasants know little but squalor. In Teheran, a few rich families live in marble palaces, drive Mercedes sports cars, and dress in Dior gowns. But brickworkers sleep in the open, wrapped in blankets, and their wives wash their rags in jubes, the open gutters that sluice down from the mountains above the city.

The danger to Iran—even if there were no Communists—is the danger of the revolution of the poor and hungry. Last month, for a few precarious days that revolution seemed on the way. Four thousand school-teachers paraded to Parliament to demand a pay increase. A policeman opened fire and one teacher was shot dead. Next day, 30,000 teachers and students mobbed the streets shouting "butchers" and "savages." In the slums of south Teheran, the hungry brickyard workers caught the echo and began to talk of strikes of their own.

From the top: The Shah's answer to the threat of revolt in the past had always been repressive. His secret police, the dread SAVAK, were 50,000 strong, and their officers liked to boast: "We are strong enough to keep order." But the Shah, a keen observer of international events, had learned an important lesson. After watching student revolts tear down the governments of Adnan Menderes in Turkey and Syngman Rhee in Korea, he combated the revolt from below by a revolt from above. There would have to be major changes—but the Shah would do the changing himself.

The man the Shah chose to carry out his revolution from above was an unlikely revolutionary—Ali Amini, 54, a Sorbonne-educated landowner and millionaire. A silver-haired man with a puckish smile and protruding eyes, Amini had served as Minister of Finance and Ambassador to Washington. He is a technician rather than a crowd-pleaser, and has also been an outspoken critic of the Shah himself. He is descended from the dynasty that the Shah's father overthrew in 1921 and he had served in the Cabinet of weepy old Mohammed Mossadegh, who nationalized Iran's oil fields and nearly deposed the Shah in 1953.

Anticorruption: Amini made it a condition of his taking over the Premiership that the Shah should dissolve Parliament (most of whose members owed their seats to gerrymandering and ballot-box stuffing). The Shah also promised to stay out of active government himself and gave Amini a free hand to stamp out corruption. The Shah, however, kept personal control of the army.

The day Amini took office, he frankly told the people of Iran that the nation was in desperate straits. Its financial reserves, he announced, were "on their last breath" because of "traitorous and incompetent officials who have built up their personal fortunes." According to government evidence still being sifted last week, one general, named Ahmed Ajodani, formerly in charge of Teheran's erratic electrical system, had formed a phony

consulting firm to supervise the wiring of a \$2 million powerplant. But when the Shah arrived to pull the inaugural switch, the current somehow flowed down into a nearby reservoir and electrocuted two swans. Then there was Gen. Haj Ali Kia, formerly chief of army intelligence, who ran a government organization known only by the initials K.O.K. Its budget was \$1.5 million a month, and its sole job was to compile confidential reports on the Shah's popularity. Its sole member was General Kia, who fabricated the reports himself.

The tragedy of such extravagance, as the Shah himself has frequently recognized in speeches from the throne, is that Iran is potentially capable of being by far the strongest and most prosperous nation in the Middle East. It is a big country—only slightly smaller in area than the United States east of the Mississippi. From the forested slopes of the Elbruz Range that slopes down 18,000 feet to the sub-sea-level shores of the Caspian Sea, Iran stretches 1,000 miles to the Gulf of Oman. It is the land link between the Middle East and Asia, the cultural highway between the Arab and the Indian civilizations, the "northern tier" as John Foster Dulles once described it, that protects the Middle East from the mighty mass of Russia.

Proud people: Iran is also a rich country—at least in potential. Most of it is arid and its central provinces (one-third of the total area) are a vast salty desert—but in the mountains, there are rivers waiting to be dammed, copper, and coal waiting to be mined. Above all, near the Persian Gulf, Iran has one of the world's great oilfields, pumping up 1,050,000 barrels a day, much of it bound for the British-built Abadan refinery, which Mohammed Mossadegh nationalized in 1951. Yet Iran's preeminent industry remains primitive and unproductive. Short of water and short of tools, its peasants must work from dawn to dusk to raise thin crops of cereals, and thinner flocks of sheep and goats, that leave their masters half starved.

For all their poverty, however, the Iranians are a proud people—with much to be proud about. A subtle mixture of Arab, Mongol, Turk, and Afghan, they trace their ancestry to Cyrus the Great (who unified the Medes and the Persians in 550 B.C.); to Darius the Great, whose laws ruled an empire that stretched from the Nile to the Indus; to Xerxes, the warrior, whose armies battered at the gates of Athens and were finally defeated at the Battle of Salamis.

Because of this historical continuity, Iran has a distinct personality, an authentic national identity that is lacking in such neighbors as Iraq and Pakistan. It has its own culture—the poetry of Omar Khayyam, the sculpted friezes of Persepolis, the glazed mosques of Isfahan and Shiraz. It has its own language (Farsi), its own unique religion (the Shiite branch of Islam), above all, its 2,500-year-old tradition of monarchy.

The man who now sits on the Peacock Throne of Iran is a lean athletic 41-year-old with a carefully barbered shock of graying hair, brown eyes, and a hawk-eyed face whose melancholy aspect rarely breaks into a smile, except when the Shah picks up his 7-month-old son, Reza. Still slim and straight, the Shah is a splendid skier (he can slam through the slalom seconds behind Iran's best), a hard-driving tennis player (he is said to have the best serve in the country), and a keen sports-car driver, who races his personal coffee-brown Italian sports car.

Papa Reza: The Shah was not born to luxury. His father, Reza Pahlevi, was an illiterate 6-foot 4-inch officer in the Iranian Army who organized an army putsch in 1921, and set himself up successively as Minister of War, Premier, and finally in 1925 as King. As short on temper as he was on education, Reza Shah wasn't above kicking a mullah in the stomach or lashing a minister with a

riding crop to get his way. But he got results—hacking out the trans-Iranian railway with its 4,100 bridges and 54 miles of tunnel, ordering Iran's women to give up their purdah veils, quelling the Kashgai and Bakhtiari tribes. At the end of his reign Reza Shah lost himself in the distractions of amassing a personal fortune. But by the time the British exiled him in 1941 for dalliance with the Nazis, he had thrust his reluctant nation into the 20th century.

His son, Mohammed, the present Shah, has done his best to keep it there. Iran's railroad's have been extended by 900 miles, school enrollment has tripled, and under the Shah's 7-year development plan, \$1.2 billion (mainly derived from oil revenues) is being spent on irrigation dams and 1,500 miles of road. Yet the Shah spends more on his army—200,000 strong—than he does on national development. And though land reform laws have been on the books for a decade, when the Shah went to Julfa last week, he was still the personal owner of almost half his 700 crown villages (an area totaling 600,000 acres).

There is no doubt of the Shah's good intentions. Talking to a Newsweek editor in his study, he leaned forward over his teacup and said with burning intensity: "Everything I do is for my country. It is a great country which I am proud of. We must make it grow, provide the people with a better life." In pursuance of these good intentions, the Shah works harder than any other monarch. Promptly at 8:30 every morning last week, he swung down the maroon- and purple-carpeted corridor of his summer palace at Saadabad above Teheran, whistled to his dogs, a white bulldog and Haraz, a pony-size black and brown German shepherd, and marched into his ground-floor office.

While gardeners scissored the crimson and pink rose bushes outside, he went over a list of callers with his sparrowlike little Minister of Court, Hussein Ala. Then one by one he received them, waving each to a leather armchair, relaxed and casual in one of his favorite two-button Savile Row suits. Occasionally puffing shah-size Persian cigarettes in an ebony holder tilted roofwards at an F.D.R. angle, he chatted easily, sipped tea with his guests from delicate gold-trimmed glasses.

Poker player: Before lunch he thrashed through a fast game of volleyball with officers of his Imperial Guard. Then after lunch, while his aids dozed, he pulled up a chaise longue in the garden and leafed through a stack of state papers. After a second, less-formal round of evening conferences, he went to his private quarters for a romp with his son, and dinner with his lissome Queen Farah. Evenings, his favorite relaxation is still bridge or poker, and in both games the Shah bids or bets with happy abandon.

Since Premier Amini took over, the Shah has had more time for playing cards. For as Amini sees it, the Shah's job is to reign—not rule. Amini has nevertheless relied on the Shah's authority in pushing through his "revolution from the top." In 5 short weeks, he has decreed an austerity program to save \$50 million by prohibiting imports of 210 items (examples—cigarettes, washing machines, whisky), forbidding junketing by Iran's wealthy, ordering one-course, liquor-less meals for all official functions.

The reformer: Interviewed in his spacious green-carpeted office, Amini (dressed in a tan summer suit, gray and maroon tie, and black Italian-style loafers), defined his overall goal as "reform and good health—in every field of national life."

How well is his program going?

"We haven't done badly in a month. The fight against corruption has made a great impression in the country."

What about inflation?



"There we have had the least success so far. We must cut the budget and reduce government construction. But unemployment is a grave danger. And we must find some way of giving satisfaction to the workers. The oilworkers, for instance, have not had a pay increase in 5 years."

Who are your main opponents?

"I understand that Newsweek recently published an article entitled 'Nobody Loves Amini.' Perhaps that analysis is correct. When you cut the budget and take action as we are doing, you can't please everybody. The lower class strongly supports the Shah. So does a greater part of the middle class. The main problem is the intellectuals. We hope in the next few months to make an impression on them."

Old Man Mossy: The "intellectuals" in Iran—a term that extends all the way from oil mechanics to university professors—support, enthusiastically, the hazy but fervent nationalism of Mohammed Mossadegh. Last month, when Amini removed the restrictions on public political rallies, 80,000 of them—the biggest gathering in Iran in more than 7 years—jammed Teheran's Jalalieh polo grounds to cheer for the ancient hero. Now 79, Mossadegh represents one of the main obstacles to Amini's hopeful reform program. Under house arrest in his green-shuttered yellow brick villa at Ahmadabad, 62 miles from Iran, he is cut off from Iran's political life by 80 soldiers who pitch their pup tents (stamped "U.S. Army") in his driveway. But he is still the unchallenged head of the National Front, a coalition of four leftist parties run by a bulky 50-man directorate that spends as much time quarreling with itself as with the government.

Most observers agree the front would win the largest bloc of seats in any free election to the Iranian Parliament. In office, their program would be extreme. "We'd hang Amini," said one party executive, "and make the Shah a limited monarch like Queen Elizabeth."

Mossadegh and his backers attack Amini as more of the same old thing. His reforms, they say, are little more than window dressing: Only 14 people have actually been jailed for graft, and of the 300 officers Amini promised to retire for corruption in the army, everyone is still in uniform. Iran's big landlords also oppose Amini. They regard him as a traitor to their class.

Iran's Communists, too, charge Amini with being a "phony"—a stooge for the Shah, whose reforms amount to no more than a smoke screen of high-sounding words, behind which the court and its corrupt hangers-on still exert all real power. Such arguments are readily accepted by thousands of Iranians who as yet can see little change in the drudgery of their day-to-day lives.

Faster, faster: The United States is advising the Shah not only to press through his reforms, but to make sure they take effect where it counts—at the grass-roots level. Washington is encouraged by Amini's progress but wishes it could be faster—a course which the new U.S. Ambassador, Julius C. Holmes, who presented his credentials last week, undoubtedly will urge. Amini, in return, would like to see a U.S. speedup (the \$40 million he asked for last month to help meet Iran's foreign-exchange obligation, still hasn't arrived). "I understand there is a U.S. expression, 'Americans help those who help themselves,'" Amini said last week. "So I am sure they will help us. And I hope, eventually, that we will be able to do without outside help."

Having invested more than \$1 billion to save Iran for the West, the United States is willing—even anxious—to aid the most promising new government Iran has had in years. But President Kennedy has made it clear that the United States will no longer finance corrupt and repressive regimes, solely

on the ground that they are threatened by communism.

If the Shah and Amini can quickly enlist the support of the people of Iran in their revolution from the top, the United States can be counted on to back it all the way. But if the Shah and his Premier cannot carry their people with them, nothing the United States can do will stave off a revolt from below.

Mr. MORSE. What is the burden of my argument, as I close? The burden of my argument is to recognize that we are making progress in Latin America through the act of Bogotá, as I think we will also through the act of Montevideo. Are we making some progress elsewhere in the world, really, in regard to using our influence and persuasion to get countries, into which we are pouring millions of dollars themselves to do something about raising the standard of living of the masses of their people? I wish I could say, as a member of the Committee on Foreign Relations, that the evidence is overwhelming that we are. However, in my judgment, the evidence does not support that conclusion.

I do not want us to lose out in Latin America. So I would have the Senate keep in mind that the aid program the President is talking about today in the Alliance for Progress involves many steps before ultimate consummation. It requires, first, the granting of congressional authority. That is what this historic debate in Congress on the foreign aid bill is all about. It requires the authorization and appropriation of sums of money which can be used in implementing the program. If our committee has not made this clear—and I am satisfied that we have made it clear, and Senator FULBRIGHT has made a notable contribution in this respect—it should be understood that we have sought to make it clear that this program is going to be primarily a program which will be implemented through and administered by banking institutions and financial institutions, such as the Inter-American Bank and the Export-Import Bank, and that individual projects will be subjected to negotiations between representatives of the Banks and the seeking recipients of the loan. It is at that point of negotiation that terms and conditions and requirements and agreements in regard to changes in internal policy of a given country can be worked out.

Furthermore, some of the funds will be used in the grant aid program, for schools, clinics, health programs, road improvements and road building and, yes, land reforms and in some instances housing. It is at the point of negotiating for specific amounts for specific programs that again, through diplomatic channels, this subject matter of terms and conditions and reforms and cooperative effort on the part of the recipient country can be worked out by agreement in diplomatic channels.

Therefore the committee cannot—and it should not be asked to or expected to—give to the Senate in this debate any firm commitment as to what any specific condition is going to be before any amount or loan is going to be made.

The President has made it very clear, and eloquently clear, in his last great an-

nouncement, and even in his press conference yesterday, as he made it at the time of his major address on the subject, when he announced to the world the alliance-for-progress program, that we expect this program to be worked out at the negotiation level, where the recipient countries are going to agree to bring about some reforms in their countries in respect of these specific projects, to wit, for example, the matter of housing.

We all know the great debate we had in the Senate some weeks ago over interest rates. We know that in the course of that debate it was made clear that it is the plan of the administration in negotiating loans for housing programs in Latin America, for example, to try to work out an understanding in regard to reasonable interest rates. It will be remembered that the attempt was made on the floor of the Senate to freeze the interest rate at 8 percent. Some of us pointed out that in that case we would not be able to build any houses, because that does not happen to be the interest structure of many Latin American countries. We also recognize, of course, that the interest structure of many Latin American countries is usurious. It must be modified downward. But that is negotiable.

So what we are getting from the administration is a firm commitment that it is going to insist that at the negotiating level conditions are going to be agreed to which will give the American people the assurance that their money is going to be put to good work and that the Government receiving the money is going to cooperate in such matters as interest rate reform, tax reform and land law reform, as well as the other various reform programs which are really part and parcel of the whole philosophy of the Alliance for Progress program.

At the Montevideo Conference there is bound to be a great deal of discussion, on and off the record, in regard to the position of Cuba, and the future of Cuban relations within the Organization of American States and in the Latin American community. I shall discuss this matter at another time. I have received several telephone calls today in regard to just exactly what I meant by some of the statements I made on the floor of the Senate yesterday in my colloquy with the Senator from Oklahoma [Mr. KERR] in respect to the Cuban planes which have been brought to the United States.

I hope that at a very early date the State Department will make available to the Foreign Relations Committee a memorandum which will give us all available facts and information concerning the number of Cuban planes, and the types of Cuban planes, as well as the boats, and the ownership of those planes and boats, which have been brought from Cuba to the United States, either by defectors from the Cuban military or defectors in general—escapees or refugees—from Cuba.

That memorandum should specifically answer the Communist propaganda, which is rife in many parts of Latin America, that many of those planes—and the number that appears in the



press has varied from 9 to 11; and as to the boats, no one seems to be certain as to how many there were, but in my opinion, not very many; few of them of any particular consequence—were brought to the United States, in some instances, with the assistance of the United States. The charge is that U.S. espionage work, CIA activities, and other U.S. activities in Cuba were of no small assistance in getting the planes and boats to the United States.

I believe the American people are entitled to the facts. I think the facts will simply reveal that to be a kind of Communist propaganda. It does not do us any good to hide our heads over it. I said yesterday, and I repeat tonight, that when I was the U.S. representative at the ninth anniversary of the Puerto Rican Commonwealth a few days ago, a considerable number of Latin American officials talked quite frankly to me. They asked if I were aware that a considerable amount of progress had been made by Castroites in many parts of Latin America by statements to the effect that the United States was making a great deal of noise, as one of the diplomats said, in its protests about U.S. planes being taken to Havana, but that nothing was being said by the United States about its involvement in the taking of Cuban planes to Miami and elsewhere in the United States.

Do not worry about what my position was in those arguments. I, of course, came to the defense of my country. I stated that even if we took their premise, which I did not think was true, there was quite a difference between the taking of a commercial airliner, with free American citizens aboard, and, in effect, kidnaping them by taking them to Havana, with all the danger that was involved, and the violation, in my judgment, of their international law rights, and the defection of some Cuban military personnel from the Cuban military establishment and running away with a Cuban plane and landing it in Miami or elsewhere. I said I thought it was perfectly obvious that the differences were so great that it should not take any argument on my part or on the part of anyone else to show that even if the premises of the Latin Americans were correct, the course of action taken by Cuba could not be justified, to whatever extent the Cuban Government might be involved in assisting in the hijacking of any U.S. planes.

But then the argument was made—and I think the State Department should cover this in the memorandum for which I am asking—that the United States could not justify not impounding these planes and waiting for international procedure to act upon them, rather than to let the planes come under the jurisdiction of the judicial process in the United States and be attached in an ex parte hearing, in settlement for debts which private American citizens and economic interests claim are due them by the Cuban Government. I believe the memo-

randum ought to clarify that situation, because not only should the American people know, but the people of Latin America are entitled to know—and we had better see to it that they do know—the reasons for the U.S. Government not exercising such powers as it may have—and as some contend it does have—to impound those planes and to hold them, not subject to any court attachment, until the Organization of American States or some other international tribunal could at least attempt to negotiate some settlement between the United States and Cuba in respect to the property rights, property interests, and claims which the two governments have against each other.

That is what I meant in my reply to those who called me today concerning what I said yesterday. I stand on what I said yesterday. I still think that the wise thing for us to do is to make very clear our official position and our official reasons for the position we have taken concerning our handling of the Cuban planes and boats which have been brought to the United States by those who have escaped from Cuba in them. There is no doubt that those who brought them here did not own them. There is doubt that the planes and boats were the property of the Cubans who brought them here. Therefore, we had better be careful that we do not create a false impression in Latin America that we think it is perfectly all right to take advantage of and accept material gained from those who hijack boats and planes out of Cuba.

On the other hand, there is no justification for anyone hijacking planes out of the United States to Cuba. I believe there is no justification. I believe that the two types of cases are not in the same class at all. But I also know that we are having a hard time making that distinction understood in Latin America. I am of the opinion that in some quarters, in connection with the Montevideo Conference, also, we are having a hard time making it clear. That is why I hope that at a very early hour the State Department will issue a memorandum, at least to the Committee on Foreign Relations, although I should like to have a memorandum, so far as possible, which could be made public, too, and which would clear up what I believe is a growing misunderstanding on the part of many persons in Latin America of the U.S. policy concerning planes and boats which have been taken, illegally, no doubt, from Cuba and brought to the United States.

I am sorry, I say to the staff, for keeping them this long. But I have made this speech for the record because I know it is important in some quarters that the record be made.

#### TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

#### INDIVIDUAL VIEWS IN OPPOSITION TO CONFIRMATION OF MAJ. GENE HAL WILLIAMS TO THE GRADE OF BRIGADIER GENERAL IN THE ARMY RESERVE (EX. REPT. NO. 8)

Mrs. SMITH of Maine. Mr. President, on behalf of myself, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Nevada [Mr. CANNON], the Senator from South Dakota [Mr. CASE], the Senator from South Carolina [Mr. THURMOND], the Senator from Connecticut [Mr. BUSH], and the Senator from Massachusetts [Mr. SALTONSTALL], I ask unanimous consent to file individual views opposing the nomination of Maj. Gene Hal Williams.

The PRESIDING OFFICER. Without objection, the views will be received and printed.

Mrs. SMITH of Maine. I also ask unanimous consent to have the views printed in the Record at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The views are as follows:

Views of SENATORS SMITH OF MAINE, THURMOND, CANNON, BRIDGES, SALTONSTALL, CASE OF SOUTH DAKOTA, AND BUSH IN OPPOSITION TO THE CONFIRMATION OF THE NOMINATION OF MAJ. GENE HAL WILLIAMS TO THE GRADE OF BRIGADIER GENERAL IN THE ARMY RESERVE

The undersigned members of the Senate Committee on Armed Services, without reflecting on the character or integrity of the nominee, are convinced that Maj. Gene Hal Williams does not possess the military qualifications required for the rank of brigadier general in the Army Reserve. Accordingly, we recommend that the nominee not be confirmed by the Senate to this rank.

#### BACKGROUND INFORMATION

As of January 16, 1961, Major Williams was named State adjutant general of the State of West Virginia, Army National Guard. By virtue of his office of State adjutant general he holds under State law the State rank of brigadier general. His nomination was submitted to the Senate because of the specific provision of law (sec. 3392, title 10, United States Code) which provides in effect that the adjutant general or assistant adjutant general of a State or territory may, upon being extended Federal recognition, be appointed as a Reserve officer of the Army as of the date he is federally recognized.

The matter of Federal recognition of adjutant generals is controlled by Army regulations and until July 18, 1961, these rules can be characterized by the almost complete absence of any qualitative standards for recognition.

Until July 18, 1961, an adjutant general, in order to be federally recognized, was required to have only three qualifications: (1) Be under age 64; (2) be physically qualified to hold a reserve commission; and (3) have been at some time a member of some component of one of the Armed Forces.

#### REASONS FOR OPPOSING THE NOMINATION

The undersigned have one purpose in opposing this nomination. It is to raise, for this category of personnel, the standards for promotion in the Army Reserve. Because of his very limited background and experience, it is our view that under no reasonable standard could Major Williams be considered qualified for a three-grade pro-



motion to the rank of brigadier general in the Army Reserve. These are the significant facts as of May 1, 1961, when his nomination was received in the Senate:

(a) He had a military status of only 10 years, beginning in January 1951.

(b) His total active military service was only 2 years, 8 months, and 21 days. This service was performed during 1951-53, all in various units located in the United States. A little less than one-half of this active service was in an enlisted status as distinguished from commissioned officer status. At the time of his appointment as State Adjutant General he had had no command experience above the company grade of captain.

(c) He had been promoted to major in the Army Reserve in only June of 1960.

(d) With respect to his civilian background he had completed his education only 5 years ago in 1956. Since that time it is our understanding that his civilian positions consisted solely of a clerk to a Federal judge and service as an assistant attorney general for the State of West Virginia.

(e) Major Williams was only 32 years of age. While age alone should not normally be a controlling factor, it is significant in the case of Major Williams, because of his limited background and experience.

No significant changes have occurred in the record of Major Williams since May 1, 1961.

It should be emphasized, that this promotion would be a three-grade promotion from major to brigadier general.

#### NO INTERFERENCE WITH STATE RANK

It should be emphasized that the undersigned oppose only Major Williams' nomination in the Army Reserve, which should be determined solely by Federal standards. No attempt is being made to infringe in any way on the prerogatives of the Governors, who should continue to have the right to accord, under State law, whatever State rank they wish to confer on their adjutants general as officers of the Governor. In most States the State rank of major general is authorized. In at least one State, however, it is understood that upon retirement the adjutant general is accorded the honorary rank of lieutenant general in a State status. The States, under their own State laws, can provide such a State rank as they choose to authorize, even to the extent of a 4- or 5-star rank for their State adjutants general.

At the same time, in establishing standards for appointment in the Army Reserve, which is strictly a Federal component, there should be minimum Federal standards consistent with the requirements which apply to other Reserve and National Guard officers. It is realized that the adjutant general upon leaving office reverts to the rank held immediately prior to his appointment. At the same time, while in office he is eligible for Federal training duty pay based upon the Federal rank he holds as adjutant general. Moreover, if he becomes qualified for retirement pay, such pay is based upon the Federal rank he held as adjutant general.

#### DEPARTMENT OF DEFENSE POSITION

On July 18, 1961, the Department of Defense wrote to the chairman of the Senate Armed Services Committee advising that the standards for recognizing adjutants general would be raised considerably. In the future, with one exception, an adjutant general, in order to receive a Reserve appointment, must meet the same standards as other National Guard officers and members of the Reserve. They would have to be fully qualified to hold the grade in terms of education and background, total service, and other requirements applicable to Reserve officers. The one exception would be that if an officer were in the grade of colonel he could be advanced two grades to major general, if he was appointed to major general under

State law; otherwise, promotions could be only one grade at a time.

The departmental letter was in response to a communication from Senator SMITH requesting Department of Defense comment on the nomination of Major Williams and the desirability of reexamining the present policy of almost automatically appointing adjutant generals to the same rank in the Army Reserve as they hold under State law.

The departmental letter further recommends, however, that the new standards not be applied to the pending list of National Guard nominations. We welcome the new rules which the Army and Air Force will apply in the future to National Guard nominees. At the same time we certainly oppose the departmental position that the Senate is precluded from examining the qualifications of any of the nominees on the pending list.

The test should be whether any nominee under any reasonable standard possesses the qualifications to hold the Reserve rank to which he is nominated. The Senate could use such a standard whether or not the Department of Defense changed its rules for the future.

Application of this qualification standard to Nominee Williams would not set any new precedent, for, as a matter of fact, in recent years the Senate Committee on Armed Services has used such a standard in withholding approval of 12 nominations, including 1 in the National Guard.

For the reasons we have already cited, we do not believe that Major Williams by any test could be found qualified to hold the rank of brigadier general in the Army Reserve.

#### *Distinction of two other names on the list*

We realize that there are two names on the list as reported who under the new rules would not be eligible for promotion. Those are Lieutenant Colonel Anderson and Lieutenant Colonel Moeglein, both nominated to be brigadier general. They would be precluded because of the rule against more than one-grade promotions except for colonels.

We would like to point out, however, that both of these nominees are in a different category from Major Williams in terms of background and experience. Lieutenant Colonel Moeglein, who is 48 years old, has possessed a military status for over 23 years and has had extensive active service both during World War II and Korea. He was promoted to the rank of major in 1942 and to lieutenant colonel in 1953.

Lieutenant Colonel Anderson, who is 41 years old, has had a military status for 19 years and had extensive active duty during World War II. He became a major in 1943 and a lieutenant colonel in 1957.

While we do not like a two-grade promotion for these officers, their background and experience places them in a completely different category from that of Major Williams. We think the Senate would be justified in view of these factors to approve of their nominations, and at the same time reject that of Major Williams.

#### *Different rule for assistant adjutants general*

We would like to observe that for some years the Army in its regulations has required assistant adjutants general to be fully qualified and, therefore, meet the same promotion standards for Federal recognition that are applied to other guardsmen and reservists. This rule existed upon the premise that if the Adjutant General did not have to qualify under the normal rules, the Assistant Adjutant General should at least meet all of the Reserve qualifications. We might also add that with respect to the new rules, it is our understanding that for a number of years efforts to upgrade the standards for Federal recognition had been

unsuccessful. Until Senator SMITH's letter raised this issue, there was no success in overcoming the general opposition.

#### PREMISE FOR OPPOSITION

It is our deep conviction that the security of our country demands the highest qualification requirements in the selection of military leaders of all components, particularly those chosen for general officer rank. It is on this premise that we oppose this nomination.

STYLES BRIDGES.

HOWARD W. CANNON.

FRANCIS CASE.

STROM THURMOND.

MARGARET CHASE SMITH.

PRESCOTT BUSH.

LEVERETT SALTONSTALL.

#### ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—AMENDMENTS

Mr. ELLENDER submitted amendments, intended to be proposed by him, to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BRIDGES submitted amendments, intended to be proposed by him, to Senate bill 1983, supra, which were ordered to lie on the table and to be printed.

Mr. SALTONSTALL (for himself, Mr. KEATING, Mr. BUSH, Mr. DODD, and Mr. SCOTT) proposed an amendment to Senate bill 1983, supra, which was ordered to be printed.

#### USE OF MANPOWER RESOURCES—AMENDMENT

Mr. JAVITS. Mr. President, I submit an amendment to the Manpower Development and Training Act of 1961 (S. 1991), to authorize the National Advisory Committee which would be established under this act to encourage and assist in the organization on a plant, community, regional or industry basis of labor-management-public committees. Such local committees would provide the local initiative which is essential for the success of the manpower development and training program and also for achieving an increase in the rate of productivity growth in the United States.

The problem of manpower utilization in an age of rapid technological change is a vital part of the economic and social challenge our Nation faces. This challenge must be met through a mobilization of all our resources in a national productivity drive which will enable us to maintain our competitiveness in international markets and increase our economic power in the face of the growing threat of Soviet imperialism. This challenge must be met in the American way which calls upon the voluntary cooperation of individuals to work out solutions to problems with which they are directly concerned. Labor and management and the public must be drawn together on the local level where there are the roots of the national strength. Indeed, a National Advisory Committee can serve a useful function by providing









# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF  
BUDGET AND FINANCE  
(For information only;  
should not be quoted  
or cited).

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**HIGHLIGHTS:** House received supplemental appropriation estimates for food stock-piling. Senate debated foreign aid authorization bill. House began debate on foreign aid authorization bill. Senate passed bills for USDA and land-grant college centennial celebrations. Senate committee reported State-Justice appropriation bill. House received conference report on Treasury-Post Office appropriation bill. Sen. Wiley introduced and discussed bill for research on utilization and dairy products.

## SENATE

- 1. FOREIGN AID.** Continued debate on S. 1983, the foreign aid authorization bill (pp. 14605-15, 14620-42, 14646). Pending at adjournment was an amendment by Sen. Fulbright, to the pending amendment by Sen. Saltonstall, to provide that development loans in excess of \$15,000,000 may not be made unless 30 days earlier a full report on the proposed loan has been made to the Senate Foreign Relations and the House Foreign Affairs Committees. The Saltonstall amendment provides for prior congressional approval of any development loans in excess of \$10,000,000 (pp. 14610-15, 14620-42).
- 2. CENTENNIALS.** Passed without amendment H. J. Res. 435, to provide for recognition of the centennial of the establishment of the Department of Agriculture, and H. J. Res. 436, to provide for the recognition of the centennial of the establishment of the national system of land-grant colleges and universities. These bills will now be sent to the President. p. 14603



3. APPROPRIATIONS. The Appropriations Committee reported with amendment H. R. 7371, the State-Justice appropriation bill for 1962 (S. Rept. 731), and H. R. 8302, the military construction appropriation bill for 1962 (S. Rept. 732). p. 14576
4. PERSONNEL. The Judiciary Committee reported with amendment H. R. 2883, to provide for the defense of suits against Federal employees arising out of the operation of motor vehicles in the scope of their employment (S. Rept. 736). p. 14576  
Received from the Civil Service Commission a proposed bill "to amend section 7 of the Administrative Expenses Act of 1946, as amended"; to Post Office and Civil Service Committee. p. 14576
5. JUDGMENTS. The Judiciary Committee reported without amendment H. R. 6835, to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements of State and foreign courts (S. Rept. 733). p. 14576
6. SURPLUS COMMODITIES; FOREIGN TRADE. Both Houses received from the President the semi-annual report on activities carried out under Public Law 480 (H. Doc. 223). pp. 14575, 14657
7. SOIL CONSERVATION. Sen. Neuberger inserted an article, "Specialized Water Forecasts Promising," discussing the specialized streamflow forecasts "made by Soil Conservation Service snow surveyors in the West to give irrigators more precise information as to when they may expect peak and other predetermined flows during the cropping season." pp. 14587-8
8. ELECTRIFICATION. Passed without amendment S. 1606, to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act. p. 14598
9. PASSED OVER the following bills: p. 14605  
S. 1368, to provide for continuation of the licensing of independent ocean freight forwarders.  
S. 1130, to authorize grants to improve domestic agricultural migratory workers' health services and conditions.  
S. 1126, to provide for the registration of contractors of migratory farm workers.  
S. 1123, to exempt migratory labor children above certain ages from the child labor provisions of the Fair Labor Standards Act of 1938.  
S. 1132, to provide for the establishment of a National Citizens Council on Migratory Labor.  
S. 1124, to provide Federal assistance in providing improved educational opportunities for migratory farm workers.

#### HOUSE

10. APPROPRIATIONS. Received from the President supplemental appropriation estimates for fiscal year 1962 (H. Doc. 224); to Appropriations Committee (p. 14733). The document includes an item for this Department requesting \$47,200,000 for a new appropriation, "Emergency relocation of grain," for costs involved in moving and relocating approximately 126 million bushels of Commodity Credit Corporation-owned grain for use as a civil defense measure in the event normal food distribution channels are disrupted.



Received the conference report on H. R. 5954, the Treasury-Post Office appropriation bill for 1962 (H. Rept. 900). pp. 14656-7

Received from the President an amendment to the budget for 1962 of \$40 million for the Peace Corps (H. Doc. 226). p. 14733

11. WATERSHEDS. Received from the Budget Bureau plans for works of improvement at the Sallisaw Creek Watershed, Okla., and the Beaver Creek Watershed, Ore.; to Public Works Committee. p. 14733

Received from the Budget Bureau plans for works of improvement at the following watersheds: Sarasota West Coast, Fla.; Little Satilla Creek, Ga.; Davids Creek, Davis-Battle Creek, Ryan-Henschel, Ia.; Silver Creek, Kans.; East Fork of Pond River, Ky.; Tallahalla Creek, Miss.; Souhegan River, N. H. and Mass.; Ahoskie Creek, N. C.; Cane Creek, Okla.; Dunlap Creek, Pa.; West Fork Kickapoo, Wis.; to Agriculture Committee. p. 14733

12. FOREIGN AID. Began debate on H. R. 8400, the foreign aid authorization bill. pp. 14670-700

13. MINING. The Interior and Insular Affairs Committee reported with amendments H. R. 84, to stabilize the mining of lead and zinc by providing subsidy payments to small domestic producers on public, Indian, and other lands (H. Rept. 899). p. 14733

14. PUBLIC LANDS. The Agriculture Committee reported with amendments H. R. 4682, to authorize the Secretary of Agriculture to sell and convey certain tracts of forest lands in Iowa to the State (H. Rept. 903). p. 14733

15. COMMITTEES. Rep. Daniels was elected to the Post Office and Civil Service Committee. p. 14700

16. FARM PROGRAM. Rep. Davis, Tenn., criticized the action of the House conferees on S. 1643, the omnibus farm bill, saying, "To permit members of the committee of conference to offer their own personal views of what is the law, without submitting controversial provisions to the House for its decision by a vote, is not a valid method of securing an expression of congressional intent." p. 14700

17. EMPLOYMENT. Rep. Curtis, Mo., inserted a number of articles on employment, including one, "Toward a Solution of the Farm Problem." pp. 14701-26

18. FOREIGN TRADE. Rep. Pelly advocated curtailment of all trade with Iron Curtain countries, and urged the enactment of H. R. 8547, to prohibit exports to Communist countries. pp. 14726-8

#### ITEMS IN APPENDIX

19. FARM PROGRAM. Extension of remarks of Rep. Mason criticizing the conferees on S. 1643, the omnibus farm bill, saying, "the House managers went beyond their power to speak for the House of Representatives as to its intent." p. A6306
20. FARM LEADER. Extension of remarks of Rep. Smith, Ia., inserting an article, "Death of a Farm Leader," paying tribute to former Under Secretary of Agriculture Albert J. Loveland. p. A6326
21. FORESTRY; LANDS. Extension of remarks of Rep. Curtis, Mo., inserting the testimony of William H. Whyte before the Subcommittee on Forests of the Agriculture Committee discussing the ways and means of saving our open spaces. pp. A6341-2



22. WATER RESOURCES. Extension of remarks of Rep. George P. Miller inserting an article, "California's State Water Plan." p. A6343

BILLS INTRODUCED

23. PERSONNEL. S. 2416, by Sen. Bridges, and H. R. 8669, by Rep. Derwinski, to help maintain the financial solvency of the Federal Government by reducing non-essential expenditures through reduction in personnel in various agencies of the Federal Government by attrition; to <sup>S. and H.</sup> Post Office and Civil Service Committees.
24. MARKETING ORDERS. H. R. 8680, by Rep. Langen, and H. R. 8684, by Rep. Nelsen, to authorize marketing agreements and orders under section 8c of the Agricultural Adjustment Act (as reenacted by the Agricultural Marketing Agreement Act of 1937), as amended, with respect to honey; to Agriculture Committee. Remarks of Rep. Nelsen. p. 14728
25. EDUCATION. H. R. 8666, by Rep. Hays, to provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the peoples of the world through educational and cultural exchanges; to Foreign Affairs Committee.  
H. R. 8690, by Rep. Thompson, N. J., to authorize a 3-year program of Federal financial assistance for construction of public elementary and secondary schools, to amend Public Law 815 and Public Law 874, 81st Congress, to extend the National Defense Education Act of 1958 for 1 additional year; to Education and Labor Committee.
26. FOREIGN TRADE. H. R. 8688, by Rep. Van Pelt, to amend the Agricultural Act of 1956, as amended, and the Agricultural Act of 1949, as amended, to prohibit the subsidized export of any agricultural commodity to Communist nations and to prohibit sales by the Commodity Credit Corporation of any agricultural commodities to such nations; to Agriculture Committee.  
H. R. 8689, by Rep. Halpern, to prohibit the shipment in interstate or foreign commerce of articles imported into the United States from Cuba; to Interstate and Foreign Commerce Committee.
27. RECIPROCAL TRADE. H. Con. Res. 368, by Rep. Haley, H. Con. Res. 369, by Rep. Pillion, and H. Con. Res. 370, by Rep. Pirnie, declaring the sense of the Congress that no further reductions in tariffs be made during the life of the present Reciprocal Trade Agreements Act; to Ways and Means Committee.
28. FARM PROGRAM. H. R. 8682, by Rep. Morris, to amend the Agriculture Act of 1949; to Agriculture Committee.
29. TARIFF. H. R. 8691, by Rep. Mills, to amend the Tariff Act of 1930 and certain related laws to provide for the restatement of the tariff classification provisions; to Ways and Means Committee.
30. RESEARCH; INDUSTRIAL USES. S. 2414, by Sen. Wiley, to establish a research laboratory at which programs of research and study shall be conducted to develop new and improved industrial uses for dairy products; to Agriculture and Forestry Committee. Remarks of author. pp. 14578-9



dian Tribes to provide for the clearing of certain portions of the Oahe Reservoir area."

#### BILLS PASSED OVER

The bill (S. 1368) to amend the Shipping Act of 1916 to provide for licensing independent ocean freight forwarders and for other purposes was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. DIRKSEN. Madam President, I ask that the bill go over.

The PRESIDING OFFICER. The bill will go over.

The bill (H.R. 2585) relating to the credits against the employment tax in the case of certain successor employers was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HART. Madam President, I ask unanimous consent that this bill and items on the calendar through 676 be put over. These are not appropriate for calendar action.

The PRESIDING OFFICER. The bills will be passed over.

The bills passed over are as follows:

H.R. 2585, an act relating to the credits against the employment tax in the case of certain successor employers.

H.R. 856, an act to amend section 704 of title 38, United States Code, to permit the conversion or exchange of policies of matured service life insurance to a new modified life plan.

S. 1130, a bill to amend title II of the Public Health Services Act to authorize grants for improving domestic agricultural migratory workers' health, service, and conditions.

S. 1126, a bill to provide for the registration of contractors of migrant agricultural workers and for other purposes.

S. 1123, a bill to amend section 13(c) of the Fair Labor Standards Act of 1938 with respect to the exemption of agricultural employees from the child labor provisions of such act.

S. 1132, a bill to provide for the establishment of a council to be known as the "National Citizens Council on Migratory Labor."

S. 1124, a bill to provide certain payments to assist in providing improved educational opportunities for children of migrant agricultural employees.

S. 349, a bill to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963.

#### CONVEYANCE OF CERTAIN REAL PROPERTY TO MALONE, N.Y.

The bill (H.R. 7725) to authorize the Secretary of the Army to reconvey to the town of Malone, N.Y., certain real property heretofore donated by said town to the United States was considered, ordered to a third reading, was read the third time, and passed.

Mr. MORSE. Mr. President, in 1956, the town of Malone, N.Y., donated a 4-acre tract of land to the Secretary of the Army to assist in the establishment of

permanent Reserve training facilities at Malone.

The tract was not used for the purpose of the donation.

Inasmuch as the purpose for which the conveyance was made, will not be fulfilled, a reconveyance to the town is warranted in fairness and justice. The reconveyance proposed under H.R. 7725 comes within the principle of the Roseburg, Oreg. Veterans' Hospital case, H.R. 1823 of the 84th Congress—volume 102, CONGRESSIONAL RECORD, part 7, page 9323. Accordingly, no violation of the Morse formula is involved.

#### JURISDICTION OF LANDS WITHIN FORT SHERIDAN MILITARY RESERVATION, ILL.

The bill (H.R. 7721) to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within the Fort Sheridan Military Reservation, Ill., was considered, ordered to a third reading, was read the third time, and passed.

#### CREDITING OF MINORITY SERVICE FOR DETERMINING ELIGIBILITY FOR RETIREMENT

The bill (H.R. 6597) to amend title 10, United States Code, to permit the crediting of certain minority service for the purpose of determining eligibility for retirement and for other purposes was considered, ordered to a third reading, was read the third time, and passed.

#### TRAVEL ALLOWANCES FOR NATIONAL GUARD AND RESERVE COMPONENTS

The bill (H.R. 4786) to provide travel and transportation allowances for members of the National Guard and Reserve components when travel is performed in an active duty or inactive duty training status in compliance with Federal directives was considered, ordered to a third reading, was read the third time, and passed.

#### BILLS PASSED OVER

The bill (H.R. 7391) to promote the conservation of migratory waterfowl by the acquisition of wetlands and other essential waterfowl habitat, and for other purposes was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. DIRKSEN. I ask that the bill be passed over.

The PRESIDING OFFICER. Objection is heard. The bill will go over.

Mr. HART. Madam President, I ask that the remaining bills on the calendar, Calendar Nos. 682, 683, 684, and 685, be passed over because they are not appropriate to be considered as calendar business.

The PRESIDING OFFICER. The bills will be passed over.

The bills passed over are as follows:  
S. 2000, a bill to provide for a Peace Corps to help the peoples of interested

countries and areas in meeting their needs for skilled manpower.

H.R. 7724, an act to provide for advances of pay to members of the armed services in cases of emergency evacuation of military dependents from overseas areas, and for other purposes.

H.R. 7934, an act to authorize the Secretaries of the military departments to make emergency payments to persons who are injured or whose property is damaged as a result of aircraft or missile accidents, and for other purposes.

H.R. 4785, an act relating to withholding for State employee retirement disability, and death benefit system purposes, on the compensation of certain civilian employees of the National Guard.

Mr. MANSFIELD. That concludes the call of the calendar for this Monday.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Madam President, the unfinished business is S. 1983, is it not?

The PRESIDING OFFICER. That is correct.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 135]

Aiken	Hruska	Saltonstall
Boggs	Javits	Stennis
Carlson	Kuchel	Wiley
Cotton	Mansfield	Williams, Del.
Dirksen	McNamara	Young, N. Dak.
Ellender	Neuberger	Young, Ohio
Fulbright	Proxmire	
Holland	Russell	

Mr. HUMPHREY. I announce that the Senator from Connecticut [Mr. Dodd], the Senator from North Carolina [Mr. JORDAN], and the Senator from Virginia [Mr. ROBERTSON], are absent on official business.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Madam President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ALLOTT, Mr. ANDERSON, Mr. BARTLETT, Mr. BEALL, Mr. BENNETT, Mr. BIBLE, Mr. BRIDGES, Mr. BURDICK, Mr. BUSH, Mr. BYRD of Virginia, Mr. BYRD of West Virginia, Mr. CANNON, Mr. CAPEHART, Mr. CARROLL, Mr. CASE of New Jersey, Mr. CASE of South Dakota, Mr. CHAVEZ, Mr. CHURCH, Mr. CLARK, Mr.



COOPER, Mr. CURTIS, Mr. DOUGLAS, Mr. DWORSHAK, Mr. EASTLAND, Mr. ENGLE, Mr. ERVIN, Mr. FONG, Mr. GOLDWATER, Mr. GORE, Mr. GRUENING, Mr. HART, Mr. HARTKE, Mr. HAYDEN, Mr. HICKENLOOPER, Mr. HICKEY, Mr. HILL, Mr. HUMPHREY, Mr. JACKSON, Mr. JOHNSTON, Mr. KEATING, Mr. KEFAUVER, Mr. KERR, Mr. LAUSCHE, Mr. LONG of Missouri, Mr. LONG of Hawaii, Mr. LONG of Louisiana, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. METCALF, Mr. MILLER, Mr. MONROE, Mr. MORSE, Mr. MOSS, Mr. MUNDT, Mr. MUSKIE, Mr. PASTORE, Mr. PELL, Mr. PROUTY, Mr. RANDOLPH, Mr. SCHOEPPPEL, Mr. SCOTT, Mr. SMATHERS, Mr. SMITH of Massachusetts, Mrs. SMITH of Maine, Mr. SPARKMAN, Mr. SYMINGTON, Mr. TALMADGE, Mr. THURMOND, Mr. TOWER, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

Mr. DIRKSEN. Madam President, I submit a substitute for the Saltonstall amendment, which is at the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. It is proposed, in lieu of the matter proposed by the amendment of the Senator from Massachusetts, to insert the following:

On page 6, after line 3, insert the following:

"(d) None of the authorization contained in this title shall be used when Congress is in session until fifteen days after the Committee on Foreign Relations of the Senate, the Committee on Foreign Affairs of the House, and the Committees on Appropriations of the two Houses have been furnished a report showing the object and justification of the proposed use, and such other information as might be helpful in the evaluation of such use, *Provided*, That during periods of adjournment of Congress none of the authorization shall be used until 30 days after the report has been furnished to the above named Committees.

"(e) It is the primary intent and purpose of the aforesaid paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest. *Provided, however*, that if the President certifies that any such report will be adverse to the national interest then by action of the said Committees the filing thereof may be waived.

"(f) When an authorization is submitted to the Committees named in paragraph (d) of this section, any of said Committees is empowered to report a Concurrent Resolution to terminate such authorization and such Resolution shall be of the highest privilege.

"(g) The Chairmen of the aforesaid Committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire Committee."

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Illinois [Mr. DIRKSEN].

Mr. SALTONSTALL. Madam President, I should like very briefly to present the reasons for offering my amendment.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. SALTONSTALL. Madam President, I offered the amendment because I felt that the Congress, after the Development Loan Fund was authorized on a 5-year basis, would lack the ability to have close supervision over it. In other words, merely having a report under the Government Corporations Law I felt was not satisfactory or enough. Therefore, I offered the amendment, along with Senators KEATING, BUSH, CORTON, and DODD, for the purpose of giving to the Congress a closer supervision over the Development Loan Fund which it is authorizing, but the money for which would come from the Treasury directly.

The purpose of the amendment is to set up machinery of a so-called veto power in the same way the reorganization acts are now set up. No loan could be effective until there had been a 30-day notice to the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House. If those committees filed a resolution stating that loans should not be made, the loan would be held up, if the resolution were supported by either branch of the Congress. If no report were made, and no resolution were agreed to by either House as to discharging the committee, then the loan would go through.

When the amendment was submitted we had discussions with the chairman of the Committee on Foreign Relations, and he proposed, in a colloquy on the floor, certain amendatory language. I shall not go into that at this time.

The Senator from Illinois has submitted a somewhat stronger amendment than the language contained in the suggestion of the Senator from Arkansas, but it is not as strong as the amendment which I have offered.

Under sections 102, 103, and 104 of the present law relating to Government corporations the committees on Appropriations can recommend we appropriate the administrative expenses, but that is all the Congress has the power to do. The President simply makes a report as to how much money is authorized, for what he is going to spend it in the coming year, how much interest will come in, and financial things such as that, but no specific loan is mentioned and no specifics of any character are mentioned in the report given to the Appropriations Committees. I have sat in meetings considering those reports, on the Export-Import Bank and a number of other Government corporations. What the committee does, after listening to the evidence as to what is planned, is determine what administrative expenses should be allowed.

If the bill before us becomes law, I believe there is \$51 million authorized to the President for administrative expenses in the fiscal year 1962. Nothing is authorized for 1963, 1964, or 1965. That would come to the Appropriations Committee for its consideration. That is the only money request which will come to the committee.

What happens in such instances? We have received a number of circulars which state that Congress, through sections 102, 103, and 104 of the law, can have supervision and a certain amount

of control over the Development Loan Fund, but I would invite to the attention of Senators—and I have discussed this with the parliamentarian, Mr. Watkins, and with the clerk of the Appropriations Committee, Mr. Scott—the fact that there is no action required on an appropriation by the Appropriations Committee. Therefore, if the Appropriations Committee says a loan to country X should not be granted, that would become legislation on an appropriation bill, and would require a two-thirds vote of the Senate before it could be adopted. If we are going to require a two-thirds vote, we certainly will never meet the problem of proper supervision of action under the Development Loan Fund, as exercised by the administration.

For that reason, joined by the other Senators who are sponsors of the amendment, I have offered the amendment to the Foreign Assistance Act of 1961.

I personally voted against the so-called Byrd amendment last week, because I believe some form of long-term foreign assistance should be granted. However, I feel very strongly that Congress should have not necessarily supervision over but closer contact with the program than we would have under the Government corporations law. Therefore, I have submitted the amendment. I hope it will have very thoughtful consideration by this body.

Mr. PROXMIRE. Madam President, will the Senator yield?

Mr. SALTONSTALL. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Is the understanding of the Senator from Wisconsin correct as the parliamentary situation; that the Saltonstall amendment has been withdrawn and replaced by the Dirksen amendment?

Mr. SALTONSTALL. The Senator is not correct. The Saltonstall amendment provides for consideration by the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House. Those are the committees to whom the loans would be referred. The Appropriations Committees, which were included in the original Saltonstall amendment, have been dropped out. Otherwise the amendment stands.

Mr. PROXMIRE. Could the Senator from Massachusetts inform the Senator from Wisconsin whether the original intent of the amendment, as offered, was that the reports would be made public and available to the press?

Mr. SALTONSTALL. The amendment provides that the reports would be to the committees and the committees should act on them. I do not think there is language—and possibly the amendment should be modified, if there is not—in respect to the fact that any of the reports would be classified if that were in the interest of national security. I would not wish to go as far as to say, "in the national interest."

I invite the attention of the Senator from Wisconsin to the fact that under the 1957 resolution, which was promulgated by the now Vice President, the then majority leader of the Senate, which became law, reports came to the



Senate Committee on Appropriations. Every one of those reports, I am informed, was classified. I personally looked at some of them, though I would not say I looked at all of them. All the reports came in as classified "in the national interest."

I think "national interest" goes a little too far. I would prefer to say "national security."

Mr. PROXMIRE. If the Senator will yield further on that particular point, I think this is extremely important, because from a practical standpoint Members of the Senate are very busy people. We are involved in all kinds of responsibilities. We know that over and over again there is a tendency for only members of a committee—and often only particular members of a committee—to have time, or to take the initiative, or to feel a sense of responsibility to require a followup of reports of this kind. On the other hand, the press is very more likely to be extremely interested in this kind of thing. Many newspapers have extensive Washington bureaus. It seems to me that if this kind of a report were made available to the press it would stand a far greater opportunity of having adequate consideration, public disclosure and public scrutiny, and ultimate attention by Members of the Senate and the House.

With that in mind I have an amendment for consideration, on almost the exact point the Senator from Massachusetts said he would agree with, which would provide:

Copies of reports made under this section shall be made available to Members of the Senate and House of Representatives, the press, and interested members of the public, except when the President of the United States determines that such action would substantially interfere with the national security.

Would the Senator accept that amendment?

Mr. SALTONSTALL. I say, most respectfully, I should like to look it over a little bit. I do not think I would wish to make the language quite as broad as the Senator from Wisconsin has stated in his proposed language. There is nothing about secrecy in the amendment I have offered. I think some form of classification should be provided, when such is in the interest of the national security. The report is to be given to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House. If those committees, after considering the report in the committee, determine they ought to hold hearings or discuss the report with the administration, in either open or closed session, that certain would receive publicity. If, under my amendment, a report is made to the Senate that the loan should be held up, that would give it publicity.

Mr. PROXMIRE. If the Senator will yield further, I have proposed the language because it has been the experience of the Senator from Wisconsin that a great deal of information on our mutual security program simply is not available.

I have tried for a month to find out where the money would go, country by

country. I cannot get the information. I wrote to Secretary of State Rusk nearly a month ago and asked for the information. I am sure he is trying to comply with the request, but he cannot give me the information. It seems to me that unless the information is made public, it will be extremely difficult to have a real evaluation, a real discriminatory understanding of what the loans are, so that a determination can be made as to whether they are sound, and whether or not Congress should act. For that reason I ask the Senator from Massachusetts if he would consider a reasonable modification of the proposed language?

Mr. SALTONSTALL. I shall be glad to do so. Several other Senators have sponsored the amendment with me, and I would not want to commit them without discussion.

Mr. PROXMIRE. I thank the Senator.

Mr. ERVIN. Madam President, will the Senator yield for a question?

Mr. SALTONSTALL. I am glad to yield.

Mr. ERVIN. I was under the impression that the loans, at least insofar as they relate to Latin American countries, are made for social uplift and economic purposes. Is my impression correct or incorrect?

Mr. SALTONSTALL. The chairman of the committee is present. The Senator will observe that part 1, chapter 1, of the bill, states very broad purposes for which loans may be made. Generally I would say the Senator is correct in his statement that they would provide an opportunity to help the development of other countries.

Mr. ERVIN. For that reason, as far as loans are concerned, I cannot see how a question of national security would be involved, unless it were a question of national financial security.

Mr. SALTONSTALL. I did not intend to say national financial security. I meant it more in the militaristic sense. But I do not personally and quickly see what loans would fall even in that category. But I think we always want to leave the opportunity open to classify them in that category if the President of the United States feels that such action is necessary.

Mr. ERVIN. Does the Senator from Massachusetts construe his amendment to provide that the reports are to be made exclusively to committees rather than to Congress itself?

Mr. SALTONSTALL. I did not understand the Senator's question.

Mr. ERVIN. Would the amendment of the Senator from Massachusetts restrict the report to members of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs?

Mr. SALTONSTALL. Yes.

Mr. ERVIN. Could other Senators have access to the reports?

Mr. SALTONSTALL. Unless the reports were classified, I suppose the committees would permit any Senator who was interested to study the reports, and if he was very much interested, he might

ask for an opportunity to discuss the subject with the committee.

Mr. ERVIN. Who would do the classifying?

Mr. SALTONSTALL. The President of the United States.

Mr. ERVIN. The President of the United States would be empowered to classify the reports for any reason or a reason sufficient unto himself?

Mr. SALTONSTALL. No. Only in the interest of national security. The amendment had been suggested by the present Vice President of the United States, who was then the majority leader.

If my memory serves me correctly, I called attention to the language "in the national interest." Though I do not want to assert I am right, though I think I am, every report that came to the Senate Committee on Appropriations was classified under that term "in the national interest." I think that such classification is too much, as the Senator from Wisconsin has pointed out. I think if the words "national security" are inserted—meaning the physical security of our country rather than the financial security of our country—such provision would be proper.

Mr. ERVIN. Does not the Senator from Massachusetts feel that the President, in classifying the reports, would be guided by the recommendations of the ICA?

Mr. SALTONSTALL. It would be the judgment of the ICA, as I understand.

Mr. ERVIN. Does not the Senator from Massachusetts know that in times past the ICA has refused to allow its employees to testify before congressional committees, and on occasion has refused to convey to Congress information about its expenditures for foreign aid purposes, and has even gone so far on one or more occasions as to refuse to allow the Comptroller General of the United States to audit some of the expenditures of that agency?

Mr. SALTONSTALL. I do not approve of such policies. I think we would tend to enter into little side discussions on what papers of the executive branch Congress should see. But I do not think confidential memorandums between various departments of the executive branch necessarily come to Members of Congress.

Mr. ERVIN. I agree with the Senator, but whenever the ICA dispenses any of the money of the taxpayers of the United States for any project which does not have a direct relationship to national security, not only all Members of Congress ought to be entitled to know about it, but the American people should also receive the information, because our Government ought not to be conducted in secrecy.

Mr. SALTONSTALL. I agree. But as a member of the Committee on Appropriations who has had some responsibility on this subject for the past 5 or 6 years, and has taken a good deal of responsibility on this subject within the committee, I have never heard or know of a question that was asked on which we did not get the information requested. I would not say that such information



was always obtained in open sessions. It was not. But I cannot remember a case in which Senators—for example, the distinguished Senator from Louisiana, who is very penetrating in his questions, and others, including the Senator from Illinois when he was a member of the committee—did not have an opportunity to get the information requested.

Mr. ERVIN. I thank the Senator for his graciousness in yielding.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. AIKEN. I should like to understand the proposed amendment a little more clearly. The Senator and his colleagues propose that a report will be made by the executive branch to both Houses of Congress concerning any proposed loan under the Development Loan program that would exceed \$10 million.

Mr. SALTONSTALL. The Committee on Foreign Relations.

Mr. AIKEN. Paragraph (b) of the amendment provides:

(b) In any case in which (1) the report referred to in subsection (a) with respect to any loan is submitted to the President of the Senate and the Speaker of the House of Representatives during a period in which either House is in adjournment for more than 30 days—

That is, the proposed loan may be made, unless such a resolution as is referred to in subsection (a) has been adopted by either House with respect to such loan. The "special subcommittees" there referred to are subcommittees, I take it, made up of seven members of the Committee on Appropriations of each House, to be appointed by the chairman of each Committee on Appropriations. Is that correct?

Mr. SALTONSTALL. As I understand, when Congress is not in session, the purpose of the provision would be to give the Committee on Foreign Relations 30 days, and if in that 30 days the committee thought the loans should be held up, the loans would be held up; but an opportunity would be afforded for the question to be resubmitted when Congress again convened. In other words, the action would not kill the loan absolutely but would defer it.

Mr. AIKEN. The Senator understands that no loan would be made except under authorization given by the Congress under the act.

Mr. SALTONSTALL. No; I do not say exactly that. I say the loans can go through subject to the same procedure adopted for the approval of the Reorganization Acts. If one House of the Congress holds up a proposed reorganization, it does not proceed.

Mr. AIKEN. They could not even make a tentative agreement to submit it to Congress except under the authorization of the act, could they?

Mr. SALTONSTALL. The Senator is correct.

Mr. AIKEN. Then either House of Congress could block a loan or one of the special subcommittees could postpone the loan.

Mr. SALTONSTALL. The Senator is correct—if Congress were not in session.

Mr. AIKEN. It would be postponed if Congress were not in session.

Mr. SALTONSTALL. The Senator is correct.

Mr. AIKEN. In effect, such action would give one House of Congress authority to repeal a law which had been enacted by both Houses of Congress and signed by the President.

Mr. SALTONSTALL. I would not call it a repeal of the law.

I would call it a question of administration of the law, when it was felt that a particular loan was not acceptable to Congress, and in the opinion of the committee it should not be put through.

Mr. AIKEN. If both Houses enact legislation and it is signed by the President, is not the executive branch authorized to make loans and conduct other operations under the legislation? The Senator from Massachusetts in his amendment would not require that such action on such loan be blocked by the combined action of both Houses of Congress, which gave full authority for the loan in the first instance. Instead, the Senator would provide that the loan could be postponed by a special committee when Congress is not in session, and that then it could be blocked by either House of Congress when in session.

Mr. SALTONSTALL. That is correct. It can be postponed by a majority vote of either committee while Congress is not in session. If we do not adjourn until October 1—

Mr. AIKEN. It looks like it now.

Mr. SALTONSTALL. Then there would be 3 months, October, November, and December, when this power to defer a loan would be in force.

Mr. AIKEN. Why should it require both Houses to enact and only one House in effect to repeal an act?

Mr. SALTONSTALL. When that question came up in the mind of Senator KEATING and in my own mind, as we worked on this subject, we sought to find the best way to carry out our purpose, and we felt that this was the executive reorganization plan procedure, and that if it was good in connection with that procedure, it would be good in the procedure we are discussing.

Mr. AIKEN. Does the Senator feel that Congress can hold the executive branch fully responsible for carrying out programs which are promulgated and authorized by Congress if the legislative branch insists that it shall have the veto power over certain operations of the executive branch within those programs?

Mr. SALTONSTALL. That is a fair question. I would not say that Congress would take that responsibility except in very few instances, presumably, but instances in which there would be considerable reason for it.

Mr. AIKEN. I am quite concerned over this situation, and very much concerned over the successful efforts, so far as the Senate is concerned, of the executive branch to take over responsibilities which properly belong to Congress. I believe that is an infringement of the constitutional responsibility of Congress. I am equally opposed to an infringement by the legislative branch of the Government of the constitutional authority and duties of the executive branch. I believe it is an infringement on the executive branch if we give it authority

to operate a program for 5 years, and then say, "If we do not like every little move you make, we reserve the right to veto it." That is definitely an infringement on the executive branch of the Government.

Mr. SALTONSTALL. Under the bill as reported by the Committee on Foreign Relations, under section 1047, Congress has the responsibility to administer expenses. Although I would not approve of it, Congress would have the right to eliminate administrative expenses, and thus stop the program. We authorize \$51 million for administrative expenses in fiscal year 1962. We could put a stop to it in that way.

Under the Corporation Act, as I said, there is no appropriation required. The reports which come to the committee say that so much money is authorized and it will be spent in 1962 in different ways. It does not show how or where, but simply that this is to be done.

That is not an appropriation. I have talked with Mr. Watkins, the Parliamentarian, and I have talked with Mr. Scott, the clerk of our committee, and they both feel—I do not put the responsibility on them, but will take the responsibility myself—that if the Appropriations Committee turns down any of it and says how best the money will be spent in 1962 or 1963, it becomes legislation on an appropriation bill, and would take a two-thirds vote, even though we had a number of memorandums which are to the contrary.

Mr. AIKEN. It seems to me that we ought not to expect the executive branch to go ahead with the operation of these programs, as laid down by Congress, under a cloud of suspicion to start with. We do not know that they are going to do anything wrong in making these different contracts. I expect that they will make some mistakes. I would not want the executive branch operated by people who would never make a mistake. We in Congress make mistakes. It seems to me that if we suspect them before they start to carry out a program, we ought not to give them the authority to begin with, or else we ought to give them authority for a shorter period of time, which would be pretty good assurance that they will do the best they can to carry these matters out properly. We are giving them authority to carry out 5-year programs, under the Development Loan Fund, that is, without the necessity of coming back to Congress for financing. It does not seem to me to be very sound. Perhaps if we insist on giving them this back-door financing authority we should at least reduce the period of time.

Mr. SALTONSTALL. I am heartily in accord with that statement of the Senator. I do not believe 2 years is long enough. If an amendment were offered for 3 years, I would support it.

Mr. AIKEN. We are asked to set up this program in a businesslike way. I do not believe that a board of directors would be operating in a very businesslike way if they told the manager of the corporation, "Here is a blank check. You go out and do the best you can. However, don't come near us again for 5 years. Write us a letter regularly every



4 months, but do not bother us again for 5 years."

Mr. SALTONSTALL. For my part I would change the Senator's use of the word "suspicion" to "oversight." It is a matter of congressional oversight, just as we oversee a number of the departments of Government through the Appropriations Committee every year. I do not like the word "suspicion."

Mr. AIKEN. Well, I believe that that is a better word for this occasion.

Mr. SALTONSTALL. That may be a good Vermont word.

Mr. WILLIAMS of Delaware. Madam President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. WILLIAMS of Delaware. I notice on page 2 of the amendment it is stated that the reports under this section would be sent to the President of the Senate and to the Speaker of the House. My question is this: When a report in connection with a proposed loan is made to the Speaker of the House and the President of the Senate, will that report automatically become available to every Member of the Senate?

Mr. SALTONSTALL. That is a very pertinent question. I would answer the question, to the best of my ability, by saying that if the message came classified to the President of the Senate and to the Speaker of the House it would not necessarily be made public. We provided that the report shall be sent to the President of the Senate and to the Speaker of the House of Representatives because under the rules of the House it must come to the Speaker of the House, and cannot come directly to a committee, as in the Senate.

Mr. WILLIAMS of Delaware. That leads me to my next question. Suppose a report comes to the President of the Senate and to the Speaker of the House in a classified manner. Do I understand that the Members of the Senate then could not see the report? How could Members of the Senate intelligently make a decision whether they should approve the loan?

Mr. SALTONSTALL. Presumably it would be referred to the Committee on Foreign Relations.

Mr. WILLIAMS of Delaware. Suppose that four members of the seven-member subcommittee felt the loan was a good loan but the other three members did not feel it was a good loan. Suppose these three members felt confident the Senate would be 80 percent in agreement with their position. Do I understand that under the amendment of the Senator from Massachusetts these three members still could not come to the floor of the Senate and discuss the loan even though they were convinced it was a bad loan?

Mr. SALTONSTALL. No; I do not think that is true. As the Senator from Delaware knows, only the other day, with respect to the reorganization of the Maritime Board, the committee was discharged under this procedure by a minority of the committee. That enabled the Senate itself to debate the question.

Mr. WILLIAMS of Delaware. That was a different situation.

Mr. SALTONSTALL. No; the same procedure applies.

Mr. WILLIAMS of Delaware. No; in that instance a minority of the committee could come to the floor of the Senate and outline the reasons they thought the Senate should act. That report was not classified as a secret document.

In this instance, a minority of the committee would be bound by a cloak of secrecy not even to tell the other Members of the Senate about the loan. If I am in error in my understanding I wish to have it cleared up. As I read the Senator's amendment I do not think it would be possible for a Senator to come to the floor of the Senate and point out the bad features of the loan. All that they could say is, "I know something I cannot tell but I want you to vote with me. Don't ask me why; I cannot tell you because it is a classified secret."

How silly can we get? If we are to have a right to veto a loan, then Senators must have a right to examine the reports. Certainly individual Members of the Senate ought to have a right to examine the reports and the right to discuss them on the floor of the Senate if they wish. If they are not to have that right I should prefer to see the Senator's amendment defeated and let it be clear that the administration takes the sole responsibility.

Mr. SALTONSTALL. I would not agree with the understanding of the Senator from Delaware. I think he submits a very unusual case.

Mr. WILLIAMS of Delaware. But it is possible; is it not?

Mr. SALTONSTALL. It is possible. I should say that if three members of a subcommittee felt strongly on the subject, certainly the chairman of the committee could get the other members of the committee together to discuss it. If the whole committee still voted negatively, then under the procedure there is an opportunity for the minority, as I understand, to bring the question to the floor of the Senate. I would not approve of that if it were in the interest of the national security that it not be done. However, I think that would be a very farfetched case.

I have said this already, but I shall repeat it because perhaps the Senator from Delaware did not hear my earlier statement, under the 1957 resolution submitted by the former majority leader, who is now the Vice President, the Committee on Appropriations was given the right to consider whether the information was "in the national interest."

Every one of those reports went to the Committee on Appropriations marked "classified." Any member of the committee could see the reports if he wished to see them, but very few members did.

Mr. WILLIAMS of Delaware. I do not know what kind of loan they would be making that its disclosure would jeopardize the security of our country. The American taxpayer furnishes the money. Why should he not know the type of loan being made? The person or country getting the loan would know about it. If it were properly recorded in the country which received it every citizen in that country could get information about it by paying an attorney to document the information. Any person

in this country could get information about any recorded mortgage by paying for such a search. I do not understand what would be wrong in letting Congress know about the loans unless it is expected that some of them will be so bad they will be ashamed of them.

I voted for the Byrd amendment because I thought Congress not only had a right but a responsibility to know how this money would be spent and to exercise some control, but that amendment was defeated.

I, as one Senator or member of the committee, will accept no responsibility for any report on these foreign aid expenditures which is brought to the Senate with the classification of top secrecy where it cannot be published or even be discussed.

Mr. SALTONSTALL. I think that is a perfectly proper position for the Senator to take. I hope that very few, if any, reports would be submitted in that way.

Mr. WILLIAMS of Delaware. I have the utmost respect for the chairman of the Committee on Foreign Relations. However, I do not believe it is proper to put a classified report before the Committee on Foreign Relations or any other committee and then let a majority of that committee make a decision that will be binding upon the whole Senate. It is ridiculous to adopt a proposal requiring the submission of reports to the Senate and then making it possible for these reports to be so classified that the Members of the Senate cannot even read them.

Mr. SALTONSTALL. The amendment I have submitted contains nothing that would permit the loan to be classified at the present time. If the Senate wishes to adopt my amendment—and the Senator from Wisconsin [Mr. PROXMIER] has an amendment along the line of classification for national security—that will be all right; but there is nothing in the amendment as it is now written which provides that a loan shall be classified.

Mr. WILLIAMS of Delaware. Any amendment if it is to be adopted should be adopted only with the clear understanding that any report dealing with financial transactions which comes to the Senate will not be classified as secret and that it will be available to every Member of the Senate.

I think all financial reports which are submitted to Congress should be made available to every Member of the Senate. Otherwise, how can the Senate intelligently vote upon a proposal which it has never been permitted to examine?

Mr. FULBRIGHT. Madam President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. FULBRIGHT. In view of the colloquy that took place the other day concerning this question, and my statement that I was prepared to accept an amendment like the one which was discussed, I had thought that the Senator from Massachusetts might perhaps revise his amendment in line with the suggestion I made. This first grew out of a discussion with the Senator from Vermont, who had two or three amendments to propose on this subject. I had hoped the Senator from Massachusetts had modi-



fied his amendment; but he has not. That, of course, is his right. Nevertheless, I strenuously object to the amendment of the Senator from Massachusetts now on several grounds. Some of them have already been stated by the Senator from Delaware, especially with respect to the veto power on the part of a committee of Congress. I think that will nullify the prospect of effective and real administration of the program.

I should like to make a proposal, and I feel somewhat under obligation to do so, to show good faith, because I was perfectly willing to go through with the proposal which I had made the other day. I do not wish the RECORD to show or any member of the committee to think that I made a proposal and then, after the vote was taken, I was not willing to support it.

I contemplate, first, offering a perfecting amendment to the amendment of the Senator from Massachusetts. The substance of my amendment would be quite similar to the one I discussed the other day with the Senator from Massachusetts and the Senator from Vermont. I thought I should like to offer it as a perfecting amendment, so as to have a decision on it. I am strenuously opposed to the original amendment of the Senator from Massachusetts.

Mr. SALTONSTALL. I agree concerning our colloquy of the other day. The reason why I offered the original amendment was twofold. First, I knew that the Senator from Illinois [Mr. DIRKSEN], from what he said on the floor, was proposing to offer another amendment. I felt that until his amendment was disposed of, I would rather keep my original amendment intact than to accept any perfecting amendment. Second, I was disturbed—I think all of us who submitted the original amendment were that at the end of the colloquy there were two doubts—one doubt as to the effect of section 617 of the act, and the second, the question which has been raised by the Senator from Delaware, namely, what should be secret and what should not be secret.

Mr. FULBRIGHT. With regard to doubt about about section 617, at the time we discussed the question the other day I had made no research and consulted no attorneys as to the application of that section to a specific loan. Since that time, my legal advisers have advised me that they think the section would apply to specific loans; that it is very broad. I said I thought the spirit of that section would properly apply to an authority as well as a title of the bill, or broader authority than a specific loan. But my lawyers have informed me that the language is broad enough to apply to a specific loan.

So far as I am concerned and the staff of the committee is concerned, there is no uncertainty on that score. There never was any uncertainty about the other part of the bill.

Mr. SALTONSTALL. I am glad to hear the Senator from Arkansas make that statement. If the Senator has the Dirksen amendment before him, possibly any doubt about it would be ended if the Senator from Arkansas would in-

clude in his perfecting amendment language such as clause (f), which reads:

When an authorization is submitted to the committees named in paragraph (d) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

That would end any doubt, if it were included as part of this section.

Mr. FULBRIGHT. I do not see what it adds to section 617.

Mr. SALTONSTALL. It does not.

Mr. FULBRIGHT. Under that language, any committee now has authority to report a concurrent resolution.

Will the Senator from Massachusetts yield, so that I may offer, as a perfecting amendment to his amendment, the language of the amendment which I proposed the other day?

Mr. SALTONSTALL. Yes.

Mr. FULBRIGHT. I feel an obligation at least to live up to what my proposal was. Then, whatever happens to it will be for the Senate to determine.

Mr. SALTONSTALL. Very well.

Mr. FULBRIGHT. Madam President, I offer a perfecting amendment, which I send to the desk, to the amendment of the Senator from Massachusetts. We discussed it as a possible variation. I have included the figure \$15 million. I thought it was acceptable. If it is not, I shall accept the other. But after the colloquy, I thought the provision in regard to \$15 million was reasonably satisfactory.

Mr. SALTONSTALL. Of course the Senator from Arkansas has a right to submit a perfecting amendment. The pending question is on the amendment in the nature of a substitute, submitted by the Senator from Illinois [Mr. DIRKSEN].

Madam President, is my understanding correct, that the perfecting amendment will be voted on before the substitute amendment is voted on?

The PRESIDING OFFICER. The perfecting amendment would have precedence over the Dirksen amendment.

The perfecting amendment submitted by the Senator from Arkansas to the Saltonstall amendment will be stated.

The LEGISLATIVE CLERK. On page 10 of the Saltonstall amendment, after line 3, it is proposed to insert the following:

SEC. 206. CONGRESSIONAL OVERSIGHT OF LENDING ACTIVITIES.—In any case in which the amount of a proposed loan under this title exceeds \$15,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives.

Mr. SALTONSTALL. Madam President, I understand that the pending question now is on agreeing to the perfecting amendment of the Senator from Arkansas [Mr. FULBRIGHT].

Mr. FULBRIGHT. That is my understanding.

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. Madam President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. JAVITS. First, let me say that all of us owe a real debt of gratitude to the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New York [Mr. KEATING], the Senator from Illinois [Mr. DIRKSEN], the Senator from Arkansas [Mr. FULBRIGHT], and all other Senators who have participated in the effort to whip this provision into shape. It is difficult to say whose name the amendment will finally bear; but I think all Senators concerned are to be congratulated for their initiative and their effort, because in my opinion this has been the weak point of the whole matter; and I think the vote taken the other evening confirmed it. So I am very proud that so substantial a number of Senators on our side has shown their good faith in advancing this proposal, after they said this would happen; and the Senator from Massachusetts has been a leader in this effort.

Second, I am glad to hear the Senator from Arkansas [Mr. FULBRIGHT] now confirm what has been a debatable point, namely, that the concurrent resolution technique, although it has been in the law for 13 years and has not been used, is nonetheless usable, and that when we reach a point where it seems that long-term borrowing authority will be granted—as I feel is the case—the concurrent resolution technique is the ultimate sanction. It is very important, and I am very glad to see that the Senator's lawyer and my own lawyer have come to this conclusion. My brief has been placed in the RECORD, and it bears out that point.

Now we come to the question of which of these various proposals should be adopted.

I submit to the Senator from Massachusetts that the Dirksen substitute wraps all these things up the best; and I should like to point out the reasons why that is so.

First, it avoids a vote in the Senate and a vote in the House of Representatives—in other words, the sort of vote which would occur if this were a reorganization proposal. I think that situation lends itself to a great deal of log-rolling and a great deal of special-interest lobbying, and I think it is a rather dangerous thing.

Mr. FULBRIGHT. I do, too.

Mr. JAVITS. Second, I think the Dirksen amendment wraps up the orderly procedure of the concurrent resolution technique.

As the Senator from Arkansas says, it is a fact that any committee can report a concurrent resolution. However, it is one thing to report a resolution; it is another thing to be charged with the legislative authority and responsibility and to have the opportunity to report it. There is always a question of which committee will report such a resolution. This language would settle that question.

Last, and also very important, this amendment gives an "out" to the President, on a national security basis. I may say—and I have consulted the Senator from Illinois on this point—that the technique we are trying to develop, which has been so successful, is the tech-



nique of the Joint Committee on Atomic Energy, which has dealt with some of the highest secrets of the Government, and has a marvelous record of security. That demonstrates that when an agency has authority to consult a congressional committee about a highly privileged matter, and has the right to determine whether the committee shall or shall not make that matter one of the official record, the security record has been remarkably good. For instance, many of us know—and I knew, too, when I was in the Army—that Congress knew all about the Manhattan project, but there was never a peep of publicity about it. I knew about it when I was in the Army, and Congress knew about it, too; and it was a source of great gratification to me that no word about it ever leaked out.

So this proposal will satisfy two requirements; first, that we should know; and, second, that security should be safeguarded in instances in which it would be very unpolitic for such items to be made matters of the public record, with press coverage, open debate, and so forth.

Of course, we shall have further discussion of this subject; but I submit those considerations to the Senator from Massachusetts, and I especially emphasize that the way we are gradually being drawn together on this subject is most admirable, especially in view of the concurrence of opinion on both sides that the concurrent resolution technique is the way Congress can act if it wishes to act, not only in regard to a program or a subject, but also in regard to an individual law.

I thank the Senator from Massachusetts for yielding.

Mr. SALTONSTALL. I thank the Senator from New York for his contribution; and I believe we are getting together.

I submitted my amendment in order that the whole field might be opened for suggestions.

Mr. JAVITS. I honor the Senator from Massachusetts very much for doing so.

Mr. SALTONSTALL. I appreciate that comment.

Madam President, I should like to ask the Senator from Illinois a question about his amendment; and then I plan to yield the floor.

The amendment of the Senator from Illinois has been changed, I believe, from the original copy which was sent to me.

Mr. DIRKSEN. That is correct.

Mr. SALTONSTALL. Under paragraph (e), we find the following:

(e) It is the primary intent and purpose of the aforesaid paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest.

As I read that language, if the President did not think the matter was of substantial national interest, he could decide that he need not report it to the Congress. So he would have to make an interpretation, based on his conception of the substantial nature of the matter.

I am particularly interested in the next words, as follows:

*Provided, however, That if the President certifies that any such report will be adverse to the national interest then by action of the said Committees the filing thereof may be waived.*

I do not understand what that sentence means. If the President certifies that it would not be in the national interest to give such a matter any publicity, would he still report to the committees, but the committees would keep it a classified document, in the safe—or what?

Mr. DIRKSEN. That is right, because I think it is necessary to distinguish between the national interest and national security. Security might be involved in a particular case, and there might be very substantial national interest; but for reasons of security, it probably would be necessary to keep the information from becoming too diffused. That is the reason for the saving clause in the amendment.

Mr. SALTONSTALL. Does the Senator mean by that, if the committee were adverse to it or felt it was a bad loan and should not go forward, any opportunity to stop it would be waived?

Mr. DIRKSEN. Yes, but it would be up to the committee. By action of such committees—the word is in the plural—filing of it may be waived. Notice is given, but the report is not filed. Probably there would be an informal report to the effect that there is an item which affects national security; that the report should not be diffused too widely, so it would be well not to file it.

Mr. SALTONSTALL. Any committee—the Senator has provided for four committees, whereas my amendment provides for two committees—could take it up informally with the administration and say, "We do not think it is a good loan, but, in the interest of national security or the national interest, the President has asked us not to make it public, but we believe you should go slow on that loan." Is that correct?

Mr. DIRKSEN. That is correct, and it leaves the burden of proof on the administration at the same time.

Mr. SALTONSTALL. It leaves the burden of proof on the administration.

I should like to ask the Senator from Arkansas if he believes the Dirksen amendment would be acceptable to him.

Mr. FULBRIGHT. It certainly is more acceptable than the amendment of the Senator from Massachusetts, I must say. As I said in the beginning, I am not impressed with the necessity of any of these amendments, in view of the operation of the Government Corporation Control Act, which gives, I believe, the Appropriations Committee the complete right to look at these matters in detail and to advise with the people concerned. There are going to be quarterly reports. Congress is kept advised under the existing law.

In other words, I think the law is quite adequate to give Congress control. My part in this discussion is to avoid, if possible, putting on the executive a requirement that would make administration of the law so difficult that it would defeat one of the principal objectives of

the borrowing authority. That has been my position.

I am not advocating any of these amendments. I am trying to seek some compromise. I do not think the amendment of the Senator from Massachusetts is workable at all. As the Senator from Illinois has pointed out, the law with respect to the Middle East caused no trouble. It was a very modest program compared with this. People lost interest in it quickly after it was done. I am sure this proposal would cause a good bit of paper work. I am not afraid of what Congress would do about it, but without any limitation on the amount, and with every loan being reported, there will have to be an army of accountants and clerks working on these matters.

If the Senator had provided a limitation that only the important loans, for example, above \$15 million, were affected, I think it would be a good amendment. That is my principal objection. It has some merit.

I think the idea that reports are coming to Congress has a strict psychological implication, in that administrators may be more careful in their negotiations and exercise of judgment. Even though we would never object, such a provision is beneficial.

Mr. SALTONSTALL. Madam President, I congratulate the Senator from Arkansas for this interpretation, because, that is the goal we are all working toward, namely, to give Congress an opportunity to be informed and to give expression to its feeling if it is necessary.

Mr. FULBRIGHT. I happen to believe we are being adequately protected under the combination of the provision for quarterly reports and the budget submission to the Appropriations Committee setting out what the administration's program is, and the committee's very great authority in limiting or restricting the program or the administrative expenses.

Mr. SALTONSTALL. As a member of the Appropriations Committee for a number of years—and the Senator from Illinois knows it also—I do not believe the language in the present law relating to Government corporations is sufficient to give Congress proper supervision.

Mr. FULBRIGHT. I respect the Senator's difference of view, but we had the testimony on the floor the other day by the distinguished Senator from Kentucky, who stated that the restrictions by the Appropriations Committee were sufficiently persuasive to force the late and great Secretary Dulles to withdraw from a very important project. That was done without any of these proposals. We know the Appropriations Committee is very powerful, not only in the Congress but in the Government, and that it gets nearly everything it wants. This matter I have referred to had been mentioned before. It had been bruited about. I do not have any fear that the Appropriations Committee cannot get just about everything it wants. It has enough residual power to stand up and talk about it a great deal if it does not get what it wants either in this body or in the executive.



I think this whole matter has been exaggerated.

All I want to do is get some agreement on it and move on to something else.

I would not cry my eyes out if we adopted the Dirksen amendment. It is a good amendment. I think we can live with it. If it is accepted, fine. We would choose between the Dirksen amendment and this amendment, and I would not lose any sleep over what was adopted.

Mr. DIRKSEN. Madam President, first, I commend the Senator from Massachusetts for his endeavor to find some kind of oversight procedure that might prove to be effective and give Congress an opportunity for scrutiny of a program of such size and of such dimensions as to be diffused over the whole world.

I regret, however, that I must differ with him and say, very candidly, his amendment, which is cosponsored by other Members of the Senate, is, in my opinion, ineffective.

In the first place, it has a dollar sign in it, and it applies only to loan proposals in excess of \$15 million. The difficulty is that abuses have, more often than not, come into smaller programs, which have gotten this whole foreign aid program into disrepute.

Consider for a moment drought relief in Peru. There was probably \$10, \$11, or \$12 million involved. We agreed to send 106,000 tons of grain. When the program was officially over, there were 11,000 tons that had never been distributed, and 25,000 tons, or thereabouts, had gone to a single miller who operated outside of the drought district and who had sold the milled product in commercial channels.

Mr. FULBRIGHT. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. FULBRIGHT. Is the Senator certain that what he is talking about were loans under the Development Loan Fund, or were they grants under another part of the bill that would not affect what we are talking about at all?

Mr. DIRKSEN. Oh, surely.

Mr. FULBRIGHT. Is the Senator sure these were loans?

Mr. DIRKSEN. No, they were not loans.

Mr. FULBRIGHT. What relevancy does that have to what we are talking about?

Mr. DIRKSEN. For the very reason that, whether it is a loan or grant, it is to be made, first, on some kind of advance information we may have, so we can finance and adjudge it.

That is true of loans, no less than it is true of grants.

Mr. FULBRIGHT. I do not understand that the Senator's amendment would apply to the other activities. It would apply only to the loans.

Mr. DIRKSEN. It would apply to all. I use the language "no authorization shall be used." I was very particular, because we are dealing only with loans.

Mr. FULBRIGHT. I did not understand.

Mr. DIRKSEN. If the loan is above \$10 million, that is quite a different thing. I am thinking about all of the

authority herein involved. I wish to make that abundantly clear.

Mr. FULBRIGHT. I certainly wish to clear this up. As I read the language it says "none of the authorizations contained in this title."

Mr. DIRKSEN. Yes.

Mr. FULBRIGHT. "This title" refers to the lending part, not to the grant part.

Mr. DIRKSEN. That is correct.

Mr. FULBRIGHT. Is the Senator saying that the amendment applies to the entire activity under the entire bill?

Mr. DIRKSEN. This applies only to the first title, concerned with the Development Loan Fund. I point out what has happened as to different phases of the program. The same is true under the loan program.

Mr. FULBRIGHT. The Senator surely does not mean that. The lending programs have been conducted with far greater care and on a very different basis from the grant programs. Many of the grant programs were partly relief programs. Often they were motivated by strictly political considerations, with practically no regard for repayment.

The bill provides that none of the loans shall be made without a reasonable prospect for repayment. This is not the criterion applied to all the rest of the program. It is certainly not applied to the military portion, \$1.8 billion. Nobody expects that to be repaid. That is to be a grant.

I would say that practically all of the contingency fund is in that situation. All of the rest is for the grants.

When one cites instances in which mistakes were made in the other part of the program, it does not seem to me that is relevant to the Development Loan Fund. I think it tends to discredit, in the eyes of people who do not follow the program carefully, a program which is pretty decently administered and which has had a minimum of serious mistakes.

Mr. DIRKSEN. Madam President, I presume if I went back and looked through all the list I could cite such things as the Peruvian Road, the Peruvian normal school, the Karaj Dam in Iran, and so on. I am applying this to the whole program.

The amendment applies only to the Development Loan Fund.

Mr. FULBRIGHT. To the Development Loan Fund?

Mr. DIRKSEN. That is correct. I have been aiming at every abuse and every scandal which has come to my attention and which has been documented by a House committee.

I would see no reason at all to cut this off on a dollar amount. There could be the same abuses under a \$2 million loan, under a \$5 million loan, under a \$7 million loan, or under an \$8 million loan. If we provided a \$10 or \$15 million limit, as to all of lesser loans there would be no need to submit data to the Congress.

Mr. FULBRIGHT. I beg the Senator's indulgence. The Senator says no information would be submitted. The information would be submitted when

the budget was submitted by the Department to the Appropriations Committee. The assumption that the committee is going to be completely in the dark simply is not a correct assumption. It is true that the information would not be submitted in each individual case, but reports as to what has been done would be submitted. There would be quarterly reports. A total report would be submitted for all loans for the past year when the budget was presented. Congress would get a lot of information. In fact, we get so much information now, I think it often bogs us down and we are unable to understand it.

There is not any lack of information, even now, without this provision. If we require information on every one of these little piddling loans, it will bog us down.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. JAVITS. I think the argument which the Senator is making illustrates the real point of the amendments, and the difference, and why I think the Dirksen amendment is a better amendment. Obviously, if Congress is going to be a watchdog, so that we can catch the bad ones, the sleepers, and so on, then there should be no restriction. As the Senator says, arguments are made around the Congress quite often about the foreign aid program and the excesses in which people have engaged, and often the cases cited do not involve great sums of money. Nevertheless, these are the cases which have very materially shaken the faith of the people in the administration of the program on previous occasions. This amendment is an advantage.

On the other hand, if we are going to have a technique by which one House or the other can turn every loan down, obviously a whole body of evidence cannot be submitted on a great many loans, because it would be indigestible. It would not make possible any kind of efficient administration.

From my point of view the Congress may give itself less immediate power and the necessity for acting more deliberately through a concurrent resolution than by having a majority of each House turn a project down, but by doing that it deprives the Congress of its real watchdog function, which is to take a good look-see at everything which happens, bearing in mind what the Senator from Arkansas [Mr. FULBRIGHT] himself has said, that the Appropriations Committee can do as much by hollering as by passing concurrent resolutions. This is all the more reason for making formal action as unnecessary as possible and for getting the maximum information possible.

I remind my colleague that his amendment calls for a considerable amount of skilled personnel, which may turn out to be the most important element of the whole oversight function.

Mr. DIRKSEN. I do not have the slightest doubt about that. I know how burdened the Senators are. I remember my own burdens when I served on the committee over a long period of time.



I say, on my own responsibility, that unless there is a competent staff to make some kind of evaluation as to what is to be involved, and to make recommendations to the committee, we will go right back to the same old rut in which we have always been. I do not believe in that way we can discharge our responsibility to the American taxpayer, with whose credit and with whose money we are presently concerned in a very large amount.

Mr. BUSH. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. BUSH. I should like to ask the Senator from Illinois whether he believes that under his amendment there would be a greater burden put upon the Committee on Foreign Relations and the Committee on Foreign Affairs, as well as upon the Appropriations Committees of each House, than exists and has existed in the past year or two under the status quo? In other words, would the Appropriations Committees and the two committees dealing with foreign affairs be required to "beef up" their staffs, both in quality and in quantity, in order to implement the amendment of the Senator from Illinois?

Mr. DIRKSEN. Very definitely. The burden will not be on the Senators and on the Representatives. A competent staff will lay out the problem. There will be a meeting, and a presentation of "one—two—three." The staff is what is needed to do the work. I would not give a fig for any oversight effort or for its value unless there is a staff which will do the work and which will make recommendations to the committee. That is why we have competent and skilled staffs.

Mr. BUSH. Therefore, the Senator contemplates there would be a considerable increase in staff of all four of the committees, if his amendment should prevail; is that correct?

Mr. DIRKSEN. The language of the amendment provides for the necessary, competent, skilled staff.

Mr. BUSH. I am not familiar with the details of the staff now serving each of these committees. That is the reason I raise the question. If the Byrd amendment had prevailed, would the Senator have thought it necessary to provide increased staff?

Mr. DIRKSEN. Under any circumstances, whether the Byrd amendment prevailed or not, I believe this is necessary. I believe a lack of proper staff has been one of the weaknesses in the whole senatorial structure. When we are dealing with projects so far afield that we do not have the necessary evaluation to keep the Senators advised, it makes solutions to problems very difficult.

Mr. BUSH. The authorization for all the projects has come from the Committee on Foreign Relations and from the Committee on Foreign Affairs. I noticed in the perfecting amendment of the Senator from Arkansas the Senator has eliminated the Appropriations Committees. This rather appeals to me, on the basis that it seems to me the two committees which are most familiar with the

operations involved are those of Foreign Affairs in the House and Foreign Relations in the Senate. By giving authority to two more large committees, there would be a tremendous amount of work duplicated in the Senate and in the House of Representatives.

I ask the Senator why it would not be appropriate to modify his amendment, which has a great deal of merit, I must say—I am very favorably impressed with it myself—so as to eliminate the provision with respect to the Appropriations Committee of each House, and confine the proposed scrutiny to the two authorizing committees that presumably are the most familiar with the operations covered by the bill; namely, the Senate Committee on Foreign Relations and the Committee on Foreign Affairs in the House? How would the Senator feel about that proposal?

Mr. DIRKSEN. There are two reasons why I would oppose eliminating the Appropriations Committees. First, since the program was born, the Appropriations Committees have dealt with it, and members of those committees have developed some familiarity with the money aspects of the program. Second, there is no greater burden in notifying 100 Members of the House and Senate than would be involved in notifying 50, and submitting a report.

Mr. BUSH. My point was not so much the burden of notification but the burden of dealing with the information. Under the proposed amendment of the Senator from Illinois I would assume there would be duplicating scrutinizing machinery in two committees of the Senate and two committees of the House, whereas, it would seem to me, one effective staff organization would be sufficient.

Mr. DIRKSEN. It has always been the custom in connection with appropriations for the proposed program to place the question before the entire Appropriations Committee. In the Senate this operation was not a subcommittee operation. It was a subcommittee operation in the House, but never in the Senate. Members of the committee developed a familiarity with the subject, and I think for that reason, it being a money committee, it should not be excluded or eliminated from the oversight operation that is involved.

I wish to make one further observation about the amendment of my distinguished friend from Massachusetts. First, the proposal would go to the Speaker and to the President. Then would come the question of reference. There is no provision for reference of the proposed loan to any committee. It could therefore go to any committee. It could not become effective, nor could the obligation become effective, except on two conditions. The first condition would be that a report be filed; the second would be that there be no resolution of disapproval within the 30-day period.

The process invokes the technique of the Reorganization Committee. So if a committee did bring out a resolution of disapproval, of course, it would come to the floor of the Senate and there would be 10 hours of debate. If the committee

failed to do so, but some member of the committee should offer the resolution, then, of course, there would have to be a motion to discharge the committee, and the motion would be placed on the Calendar. The technique becomes rather cumbersome. Failing of that process, and assuming Congress to be in an adjournment status, the question would go to a special committee of seven members. As the distinguished Senator from Vermont [Mr. Aiken] pointed out, the committee structure and Congress would be practically circumvented.

So I find that that is another weakness in the proposal.

Mr. McCLELLAN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. McCLELLAN. If I correctly understand the amendment of the Senator from Illinois, assuming that while Congress is in recess a proposal is submitted to the respective committees, and at least one of those committees decides that it should oppose or offer a resolution of disapproval, how could such committee act to prevent the obligation or expenditure of the money?

Mr. DIRKSEN. Actually, because of the time limit involved, it could not be done.

Mr. McCLELLAN. That is what I would like to point out. Actually there would be no complete safeguard.

Mr. DIRKSEN. No, because the 30 days would elapse without action.

Mr. McCLELLAN. If Congress were not in session, such action could not be taken.

Mr. DIRKSEN. Exactly; and there would be no way of dealing with the problem, unless we should provide for a longer time, and such action might be regarded as hamstringing the executive agency. I have no answer to the question with respect to the interim period. We would have to live with it. However, I assume that the executive branch would probably hold up the expenditure until Congress was again in session.

Mr. McCLELLAN. I was a bit intrigued by the argument of the Senator from Connecticut [Mr. Bush] with respect to retaining all authority in the hands of the authorizing committee. If such procedure should become a practice, we might as well abolish appropriations committees and say that whatever is authorized, the money shall automatically be appropriated.

I am not arguing at the moment for or against the proposal, but it seems to me that when we propose to spend money, especially in view of the action that has been taken to permit the agency to borrow money up to \$8,800 million, and possibly to spend as much as it wishes to spend, if we are to have any curb at all, surely the Appropriations Committee should have an opportunity to look at the proposal.

Mr. SALTONSTALL. Under the amendment offered by a number of Senators and myself, if Congress were not in session and a loan application should come in, a committee of Congress could defer it, but it could not kill it, so to speak.



Mr. McCLELLAN. Such provision is not contained in the amendment of the Senator from Illinois.

Mr. SALTONSTALL. No; and it is not in the amendment of the Senator's colleague from Arkansas.

Mr. McCLELLAN. It seems to me that if the proposal has any merit at all, it would be proper to have it referred to a committee, and the committee should be given some authority to take action. That authority should exist throughout the adjournment period of Congress as well as while Congress was in session. Otherwise a gap would be left, and the intent of Congress could be circumvented by deferring decision until such time as Congress was not in session.

Mr. SALTONSTALL. The senior Senator from Arkansas and I are both members of the Committee on Appropriations. When the "resolve" was adopted on the motion of the present Vice President of the United States, the then majority leader of the Senate, to send these reports to the Committee on Appropriations, all the reports came down classified and, so far as I know—and I think I am correct—the committee never objected to any of the reports that came in.

Mr. McCLELLAN. The committee members ought to object. In theory I was trying to apply this proposal and see if it would actually provide a stop-gap to the authority that could be exercised, or whether there was a loophole that would actually make the procedure ineffective for all practical purposes.

Mr. SALTONSTALL. If the Senator from Arkansas and other Senators who are members of the Appropriations Committee or the Foreign Relations Committee should object very strenuously to a loan, privately, publicly, or in any other way, I believe the administration would hesitate to make such loan.

Mr. McCLELLAN. We are still talking about what might be done. I am talking about what can be done and what we cannot do under the proposed resolution. I might be interested in voting for something that I thought would really be effective. If I am to vote for a measure, I would rather vote for an effective measure—something that would cover the entire proposal—or not vote for it. I do not want to vote for something that would give me the idea that perhaps I am providing a safeguard or protection, when in fact I am not.

Mr. SALTONSTALL. Effective action could be taken by the next session of the Appropriations Committee in cutting off the administrative expenses. I do not approve of that method.

Mr. McCLELLAN. I do not like that procedure either. I would rather see Congress make positive appropriations. Sometimes it is well to make appropriations with some discrimination. We frequently do so. I am not unalterably opposed to doing so in some cases. I read the amendment of the distinguished Senator from Illinois. It occurred to me that we might as well not have any provision, if that is all we would have. I think there would be a loophole big enough for \$100 million or \$500 million to skip through when Congress is

not in session, if the administrators wanted to operate that way.

Mr. SALTONSTALL. I respectfully disagree with the Senator.

Mr. McCLELLAN. I thank the distinguished Senator from Illinois for yielding to me.

Mr. FULBRIGHT. I am sure the Senator is aware of our experience with so-called watchdog committees. The one created by the Economic Assistance Act of 1948 consisted of members as follows: three each from Foreign Relations and Foreign Affairs—two from the majority and one from the minority—and two each from the Appropriations Committees. At its peak the committee had a staff of over 20 persons, most of them agents and some of them stationed abroad. For fiscal year 1949, the committee was authorized to spend \$282,000 and for fiscal 1950, \$344,000 was requested and \$110,000 finally appropriated after a protracted and bitter struggle between House and Senate Appropriations Committees, the bill was in conference from August 9 to September 29.

The following year, after another struggle between the committees, the House prevailed in its insistence that the group be dissolved by August 31, 1950. The Senate committee agreed to this only after deciding to set up its own watchdog committee with authority to spend \$110,000. This subcommittee existed until 1953 at which time it was reconstituted as a Subcommittee on Investigations, covering all fields of interest to the Appropriations Committee. In 1955, its functions were transferred to the Committee on Government Operations.

After spending a great deal of money and after considerable controversy and quarreling, it ended up in the Committee on Government Operations. Why would not that committee be competent to perform that function now?

The watchdog committee was criticized for meddling, dealing in minutiae, a tendency to serve the aims of domestic pressure groups, the duplication of ECA's own evaluating functions, and so on. It produced 7 studies, adding up to about 100 pages, on such topics as "Shipping Problems in the ECA Program," "German Preparations," "ECA and Strategic Materials," and others.

Our experience with watchdog committees has not been productive, and have cost a great deal of money. I know the Senator is dedicated to saving money and does not favor unnecessary spending. I am sure he would not want to sponsor any program which would incur unnecessary spending by Congress.

In any case, I do feel our experience has been a very happy one with watchdog committees. I believe that the committee itself, when it reviews the budget, usually makes a thorough job of doing just that. They are used to it as a regular routine.

I do not view the Senator's proposal with enthusiasm, even though it would entail the employment of competent and skilled people, and even though it is said it would not put any burden on the chairman. The fact is that every time we employ another person the chairman

must consult him or must first try to find such a person. It only multiplies the problems all around. I prefer a good, small staff to 20 or more people who are looking for jobs.

I ask the Senator from Illinois if he would entertain a slight amendment to his amendment, substituting for the first line and down to the word "session," the following:

In any case in which the amount of a proposed loan under this title exceeds \$10 million in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into—

And then continue with his amendment:

until 15 days after—

And so on. Would that be acceptable to the Senator from Illinois?

Mr. DIRKSEN. No, it would not be acceptable.

Mr. FULBRIGHT. The other point on which I should like to query the Senator from Illinois is with respect to the ambiguous language contained in the third line of his subsection (e) where the language reads:

*Provided, however, That if the President certifies that any such report will be adverse to the national interest—*

Then I would suggest that the words "by action of the said committee" be stricken.

I understand that if the President certifies, it does not have to be reported. The Senator's amendment provides for action by committees.

Mr. DIRKSEN. I am not adamant on that point. Substitute language might be developed for the language that I have in the amendment.

Mr. FULBRIGHT. I would suggest that we strike, after the words "interest then," the words "by action of the said committees." The line would then read: "national interest then the filing thereof may be waived."

Mr. DIRKSEN. I can anticipate situations when we would have to rely upon certification by the President.

Mr. FULBRIGHT. That is correct.

Mr. DIRKSEN. He has the tools and equipment with which to ferret out these things and evaluate them. Before any modification is made, I would suggest that one of the cosponsors of the Saltonstall proposal will not return for another good hour. I have just conferred with the majority leader. It was agreeable to him that the Saltonstall amendment, my substitute, and the perfecting Fulbright amendment be laid aside until his return, and that other amendments might be offered in the meantime, until the distinguished Senator from New York [Mr. KEATING] returns.

Mr. FULBRIGHT. That is agreeable.

Mr. BUSH. Madam President, will the Senator yield for a question?

Mr. DIRKSEN. I yield.

Mr. BUSH. I refer to subsection (e) of his amendment, in the next to the last line. He speaks about a report being adverse to the national interest. I wonder if the Senator would consent to changing that to read "national security."



Mr. DIRKSEN. I am not. I have indicated that there is a sharp distinction between the two. It ought to be "security interest," rather than the national interest.

Mr. BUSH. The Senator will contemplate making that change?

Mr. DIRKSEN. Definitely.

Mr. President, I ask unanimous consent that consideration of the Saltonstall amendment, the Dirksen substitute, and the Fulbright perfecting amendment be set aside until the hour of 3:15 p.m., at which time it shall become the pending business of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The bill is open to further amendment.

Mr. DIRKSEN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to amendment.

Mr. McNAMARA. Vote.

Mr. DIRKSEN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### REMOVAL OF DEPENDENTS OF U.S. ARMED FORCES FROM BERLIN AND WESTERN EUROPE

Mr. MILLER. Madam President, on July 12 I commented in the Senate upon suggestions then being made about mobilizing our Reserve forces. Deputy Defense Secretary Roswell Gilpatric was reported to have said that the administration was considering a callup of Reserve forces to strengthen our ability to cope with Russia's menacing attitude over Berlin. I said at that time that I was certain the leaders in the Kremlin would not be at all impressed by our plans for a buildup of conventional forces. I suggested that certain other actions be taken before resorting to mobilization, and that unless we were willing to take them, we would not have the firmness and resolve to employ conventional forces in a shooting war over Berlin.

One action which I suggested was to move out the dependents of our military personnel in Western Europe, because it seemed inconceivable to me that Mr. Khrushchev would think we were going to engage him in a conventional war while those dependents remained in that area. I also suggested that we take steps to advise Mr. Khrushchev and

other interested countries that if he persisted in his plan to sign a separate peace treaty with East Germany, he could expect that at that very instant we would take some political-economic actions leading to the closing of Communist-bloc embassies, legations, and consulates; leading to the discontinuance of any foreign trade whatsoever with Communist bloc nations; and to the discontinuance of foreign aid to any nation which conducted foreign trade with such nations. To me, it is unthinkable that such action should not take place if we engaged the Soviets in a conventional war; so, before resorting to mobilization, it seemed to make sense to remove the dependents of our military personnel and to let Mr. Khrushchev know what the consequences would be if he pursued a unilateral course with respect to East Germany.

I might add, that it seemed to me that the signing of a separate peace treaty with East Germany would be the proper occasion for these other actions, because we know that, as Mr. Khrushchev himself has indicated, this would lay the groundwork for Communist efforts to deprive us of our rights in Berlin, through the closing of air and ground access routes from West Germany to Berlin.

Unfortunately, none of these actions has been taken. Congress has acted in good faith with the administration and has authorized the President to call up 250,000 reservists. It has greatly increased the amount of money to be spent for conventional arms. But the administration has, thus far, seen fit to put the cart before the horse. It has proceeded with plans for semimobilization of this country without first taking the action needed to demonstrate the firmness of our resolve.

In fact, the administration has apparently decided to take action the other way. Inaction with respect to a pull-back of oversea dependents of military personnel is bad enough, but to plan to permit the movement of more dependents to Western Europe is, in my judgment, the real tipoff to Mr. Khrushchev that we do not mean business.

On July 31, at page 13054 of the CONGRESSIONAL RECORD, appears a colloquy between Representative FRANK J. BECKER, of New York, and Representative JAMES E. VAN ZANDT, of Pennsylvania, which indicates that Secretary of Defense McNamara intends to permit dependents to accompany military personnel who will be sent to Germany to augment our forces there now. I ask unanimous consent that the colloquy be printed at this point in the RECORD.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Mr. BECKER. Mr. Chairman, of course, I understood the question asked by my colleague from New York [Mr. STRATTON], of the gentleman from Illinois [Mr. ARENDS]. To make it abundantly clear, the minority side of the House are going to vote for this resolution, as we did in the committee on Friday, with a firm heart and a firm conviction that we are going to back up the President

in any attempt he is going to make now or in the future to offset any Communist aggression in Berlin or in any other part of the world.

But let me say this, Mr. Chairman. We were asked in the President's talk of last week to make sacrifices, as we were in many talks that he made during the course of this year. Of course, we must make sacrifices. The American people are way ahead on this. We are willing to make sacrifices. But again here, in this program, men who are in the service today are going to make an additional sacrifice by having their terms extended; and in addition 250,000 are going to be called into service, and they are going to make a sacrifice. But the cost of this is not to be borne by the generation of today. The cost of this is going to be borne by generations unborn, generations in the future, which is the case with many programs that have been passed by this Congress this year. The costs of those who are not going to represent sacrifices by our generation today, but will be sacrifices that will have to be made by generations unborn, in the years to come. No one is being asked to pay for this today. So I cannot quite see what sacrifice is being asked of the American people today, except of those families whose sons are going to be affected by this legislation.

Mr. Chairman, there is one other point I would like to make, and I think it is a very serious one. We asked the question the other day in Committee on Armed Services with reference to these 250,000 men, whether additional numbers would be sent overseas to beef up our forces there. We are told that this is a possibility. We asked whether or not the dependents of these men were going to be sent overseas and we were told that if we did send additional numbers of men we would also send dependents overseas. Mr. Chairman, I say that this is ridiculous. If we are faced with a hot situation, if we are going to make sacrifices today, why not bring home the dependents, and not put ourselves in a position overseas where we can be blackmailed because of the hundreds of thousands of dependents of our servicemen over there. And then, we add insult to injury by saying that we are putting money in these other bills to provide transportation to send more dependents abroad. Just what are we doing. This is ridiculous.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield?

Mr. BECKER. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. Mr. Chairman, it is quite interesting to read the hearings to the House Armed Services Committee of last Friday, when we were considering this resolution. These matters were deleted from the hearings, the questions or interrogations that concerned the matter of dependents. I would like to know whether or not, when you talk about dependents, that is a classified subject.

Mr. BECKER. I do not believe it was classified or I would not have brought it out on the floor. It is a part of what we are doing here. It is a part of what we have been doing.

Mr. VAN ZANDT. Mr. Chairman, will the gentleman yield further?

Mr. BECKER. I yield to the gentleman from Pennsylvania.

Mr. VAN ZANDT. The gentleman will recall that the gentleman from Pennsylvania put a question to the Secretary of Defense as to whether or not he had plans to bring the dependents back from Europe to the United States; and he said "No." Then the gentleman from Pennsylvania asked him, "Do you intend to permit dependents to accompany the military personnel who will be sent to Germany or West Berlin to beef up our



forces?" And the answer was in the affirmative.

Mr. BECKER. That is correct.

Mr. VAN ZANDT. Our contention is, if this is an emergency, therefore we should not keep the dependents there who are there and should not send more over there.

Mr. BECKER. I agree with the gentleman from Pennsylvania.

Mr. MILLER. Madam President, what has prompted these remarks today is the front-page news in the morning newspapers to the effect that the Soviets have not, as we might well have expected, been much impressed by the action taken by this administration and are proceeding to encircle Berlin with their armed forces after closing the border between East Berlin and West Berlin. Premier Khrushchev has said publicly, and to some U.S. personnel privately, that he does not think the United States will fight over Berlin. This statement should come as no surprise to anyone, because our action and inaction on the political-economic front is entirely inconsistent with a firmness or resolve to fight. I am not saying that we are unwilling to fight over Berlin. I think we are. What I am saying is that we are in serious danger of another miscalculation, just as occurred in Korea, on the part of the Soviets concerning Western firmness of purpose and intentions because of inconsistent action on the part of this administration which invites such miscalculation.

Madam President, time is running out on our opportunity to demonstrate to Premier Khrushchev that we mean business. The Defense Department should, without further delay, make it very clear that not only will no dependents be sent to Western Europe with additional armed forces which are sent there, but that dependents of the armed forces already there will be moved out. We will not engage in a conventional war there unless this is done, and Premier Khrushchev knows it. Moreover, the President should advise Mr. Khrushchev and other interested countries that the signing of a separate peace treaty with East Germany and any other action in violation of the rights of the German people and of the Western countries will be followed immediately by the type of political-economic action I have heretofore recommended. I am confident that if this is done, there will be no miscalculation on the part of the Soviets; and, even more important, no war over Berlin.

Mr. SCOTT. Mr. President, will the Senator from Iowa yield?

The PRESIDING OFFICER (Mr. Hickey in the chair). Does the Senator from Iowa yield to the Senator from Pennsylvania?

Mr. MILLER. I am happy to yield to the Senator from Pennsylvania.

Mr. SCOTT. I congratulate the distinguished Senator from Iowa for his statements; and I should like to ask him whether he recalls how often it was stated last year that we arm to parley. Does he feel that what is going on now carries out that statement of American purpose?

Mr. MILLER. Let me remind the Senator that I do not think our actions

are consistent. If we are going to be strong militarily, we cannot afford to be weak on the political-economic front. If Khrushchev thinks that while we are strong militarily, we are not firm enough and do not have enough resolve to employ our Armed Forces to resist aggression, he will go right ahead with his aggressions.

In order to convince the leaders in the Kremlin that we mean what we say, we must be consistent on all fronts. We must be consistent on our military front and on our political front and on our economic front. We cannot have "business as usual" in Washington and we cannot have spending as usual on the domestic front if we are getting set for a hot war or a shooting war; and Khrushchev knows that.

As long as we persist in trying to fool him by taking action that is not firm on the political-economic front, he will keep on doing what he has said he would do. The only way to deter him is to convince him that we mean what we say.

There was no question in Khrushchev's mind when the late Secretary of State John Foster Dulles said that we meant business over Lebanon. We did exactly what we said we were going to do over Lebanon, and there was not a war. But let those in the Kremlin get the idea—because of inconsistent actions on our part—that we are afraid to fight, and there will be no quicker way to get into a hot war or a shooting war, in my judgment.

Mr. SCOTT. I thank the Senator from Iowa.

#### AMERICAN FOREIGN POLICY

Mr. McGEE. Mr. President, even at this late date I continue to receive telegrams from individuals and groups who express their concern not only over the hijacking of airplanes, but, in particular, over the plane incidents and their suspected connection with the government of Cuba. The telegrams I have been receiving read variously, but in essence they boil down to the following:

Urge immediate armed intervention in Cuba to uphold American rights—

Or—

We favor forceful recovery of the U.S. planes—no row boats or strong notes, please.

Mr. President, since the occurrence of the incidents which induced the sending of these telegrams by constituents of mine, it has been established that the incidents have had little connection, if any at all, with anyone connected with the Cuban government, inasmuch as one of the incidents was perpetrated by an American citizen from the State of Arizona, and another was perpetrated by a mentally deranged or disgruntled French-Algerian. Furthermore, it has since been announced that one of the planes held in Cuba is to be returned tomorrow.

Therefore, I think it well at this point to take stock and to avoid the hotheadedness which tended to be prevailing before, when we now consider what position by us is called for.

Mr. President, let there be no doubt that the Congress is aroused and even shocked by the recent airplane hijacking incidents. Earlier this summer, several of those of us who serve on the Commerce Committee introduced Senate bill 2268, aimed at policing this crime. After holding hearings in recent weeks, the Senate has just passed a severe anti-hijacking bill.

While we resent the airplane hijackings and the risk to the many airline passengers and the crew members involved, it is all the more important, however, that we keep our heads, and that in such instances we do not act out of impulse or emotion or in some foolhardy way. Many troubles which have been popping up all over the world, and which no doubt will continue to do so, have nothing to do with Castro, or even with Khrushchev. That is why we have to command the ultimate in national sanity in responding to the "57 varieties" of complicated problems which are likely to continue to plague us as long as there are people on the face of the earth.

I am one of those, moreover, who firmly believe that we are threatened in the world less by pipsqueaks like Castro than by Communists like Khrushchev. In short, Mr. President, I believe that if one pursues the trail along which move the real threats to our security to its actual source, it will be found to lead, not to Havana, but to Moscow. So let us not let the aggravating tactics of a little man in the Caribbean lure us off the main track.

In fact, I would think that nothing would delight the Communists in Russia more than for the United States of America to embroil herself in a war with Cuba. In fact, for us to go to war with Castro each time a mental patient perpetrated a new episode would only be courting international disaster. It would likewise be forfeiting our tremendous and sometimes frightening responsibilities as a leader of the free world. If any person, either an American or a foreigner, who concocts some reckless caprice can provoke us into an act of war with Cuba, then we place ourselves at the mercy of crackpots and mental derelicts, at the expense of both our national strength and our international stature. Instead of shooting from the hip, it is imperative that we think from the head.

Therefore, Mr. President, it is important that we exercise the greatest caution and wisdom in separating the trivial, the exasperating, and even the infuriating from the fundamental, the strategically important, and the all powerful. The President of the United States and the U.S. Congress are called upon to do just that. They take upon their shoulders not only the responsibility for dealing with hijackings, but likewise the responsibility for protecting and strengthening the position of the United States as a leader of the free world.

Unfortunately, Mr. President, there is no cheap or simple way out of the difficult pressures crowding in upon us from all directions around the globe. The times are so serious and the consequences of failure so frightening that we in Amer-



In his latest speech Mr. Khrushchev has used words which would appear to suggest that if we will just rush over to the conference table, there won't be any difference over West Berlin which cannot be smoothed out by new words, that the Kremlin has no desire to "infringe" upon "lawful" Western interests, and that "any blockade would be out of the question."

These are bland words designed to put the wishful to slumber. Mr. K. says he will respect "lawful" Western interests in West Berlin, but he has previously declared that the rights of the West in Berlin are not lawful and would be less so, if possible, when he signs a peace treaty to give East Germany title to all Berlin. He says that any future blockade of access routes would be "out of the question," but the past blockade—the Soviet blockade of 1948-49—was unlawful and should have been out of the question. It wasn't.

It is understandable that the Soviets want to liquidate West Berlin as a radiantly free and prosperous oasis in the East German "desert." The very existence of the East German puppet regime is endangered by the continued existence of West Berlin. This is why Mr. Khrushchev calls it "a bone in my throat," a "rotten tooth that must be extracted."

Of course he would like to get that "bone," that "rotten tooth" of freedom, out of his system. But is there any reason on earth or in outer space why we should do it for him? The Khrushchev timetable is: after East Germany, West Berlin; after West Berlin, West Germany; after West Germany, you name it.

Unless we have learned nothing from Munich, West Berlin is the point where we must join to say: Thus far and no farther—and mean it.

Mr. MILLER. Mr. President, on the same date in the Washington Post appeared an article by Mr. Joseph Alsop entitled "Khrushchev's Tactics." It seemed interesting to me that my friend from New York City and New York State referred to "the breeding ground of world wars" where the crisis that now confronts us exists, and because there is a parallel between Mr. Khrushchev and his tactics and the late Adolf Hitler and his tactics. Mr. Alsop, in this excellent article points out that Mr. Khrushchev has apparently borrowed the tactics of Adolf Hitler. I ask unanimous consent that the article by Mr. Alsop be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### KHRUSHCHEV'S TACTICS

(By Joseph Alsop)

The best measuring sticks for Khrushchev's speech are two episodes in its immediate background. One of these, very obviously, is the circuit of our planet by the second Soviet manned satellite.

The special timing transformed this feat into an elephantine hint that Khrushchev's words have plenty of raw power behind them.

The other background episode to consider is Khrushchev's recent jolly chat with the Italian Prime Minister, Amintore Fanfani. In the course of the meeting, it is now known, Khrushchev went out of his way to tell Fanfani that he could annihilate Italy.

In his usual genial way, he even specified the precise number of his H-bombs needed for the purpose, and he added a reminder that he had plenty of medium-range rockets to carry the bombs.

Fanfani was favored with a repeat, in fact, of the charming performance which Khrushchev put on, not too long ago, for the British Ambassador in Moscow, Sir Frank Roberts. On that occasion, he specified the number of bombs required for the annihilation

of Britain and France. This time, he gave the number for Italy instead, as simple politeness to his Italian guest naturally required.

In this respect the Soviet boss is beginning to resemble certain men and women unhappily known to every community—the ones who cannot be safely asked to dinner, unless the host and hostess are ready to hear "Jolly boating weather" or watch a selection of lively Spanish dances before the evening ends.

Whenever a representative of one of the Western European allies now comes within threatening distance, nothing can dissuade Khrushchev from doing his turn about the number of bombs needed to annihilate the relevant area of Western Europe. As with the timing of the manned satellite, the intent of this Khrushchev turn is all too obvious. And it is increasingly regarded as the real key to Khrushchev's Berlin strategy.

Khrushchev is aware, of course, that President Kennedy will find it far more difficult to maintain his firm stand on Berlin if he is deserted by any of the really important Western European allies. Indeed, the desertion of West Germany would fatally undermine the whole position. In view of the character of Chancellor Adenauer, a German desertion is fortunately most unlikely, but other desertions are entirely possible.

Khrushchev is counting on producing this kind of desertion as the Berlin crisis develops and intensifies. He has been counting on it, in truth, ever since the Soviet scientists successfully tested medium-range ballistic missiles suitable for use against European targets. As long ago as the winter of 1957, he predicted to this reporter European desertion from the Western alliance on the ground that his own advanced weapons would make the peoples of Europe unwilling to be guinea pigs in the hands of others.

He then seemed to think that the results he predicted would be almost automatic; and very probably he thinks so to this day. In his speech, he was especially careful to boast of his ability to strike a crushing blow, not only at the United States, but also at the Western European allies and other countries harboring America's farflung bases around the world.

In American planning for the Berlin crisis, meanwhile, great emphasis had been laid upon the effort to hold this Western alliance together. The American policymakers believe it can be done, but they are also prepared for almost any desertion but a German desertion. In Western Europe, President Kennedy's power to lead a grand alliance, as yet not fully tested, is thus to be severely tested by the tactics which Khrushchev has so evidently borrowed from Adolf Hitler.

Inevitably, the outcome of the test will deeply influence the course of the Berlin crisis. But in forecasting the final results of the crisis, it is also needful to remember that Khrushchev has two other ways of talking about Berlin, besides the Hitler language he now regularly uses to Western Europeans.

There is the special way he reserves for Americans alone, combining stiff insistence on his objectives at Berlin with indications of willingness to negotiate. And there is the quite different tone that Khrushchev has been taking with the representatives of the neutral nations.

To the neutrals, he has been saying there will be no war over Berlin, that neither side in the controversy wants a war, and that he is downright eager to negotiate a settlement. These messages, so clearly intended to be passed on, are just as meaningful as the Hitler-style threats.

Mr. MILLER. Mr. President, the same Mr. Alsop pointed out 3 days later, on August 12, in the Washington Post exactly wherein there is a similarity between the Soviet leader, Mr. Khrushchev, and Mr. Hitler, pointing out in this article entitled "Khrushchev As

Hitler" that Mr. Khrushchev's tactics are to divide the Western countries, trying to browbeat them, and trying to get us into a mood to negotiate and to compromise away the rights which we knew we had. I think it is a very timely, as the Senator from New York pointed out, to observe where this crisis is occurring, because there is a very parallel situation developing today. I hope and pray that the American people and the other Western powers learn their lesson from the days of Adolf Hitler, so that we do not make the same mistake again.

I ask unanimous consent to have printed in the RECORD the article entitled "Khrushchev as Hitler," by Joseph Alsop, printed in the August 12 issue of the Washington Post.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### KHRUSHCHEV AS HITLER

(By Joseph Alsop)

At a recent ceremonial occasion in Moscow, Nikita S. Khrushchev called aside the British Ambassador, Sir Frank Roberts, for a genial diplomatic chat, new style. The topic, as might have been expected, was the Berlin crisis.

A few very meager carrots were dangled. Khrushchev sweetly said that he would really prefer to settle the Berlin problem peacefully. He piously denied the smallest intention to limit the freedom of the West Berliners. There was even a generous admission that there would be no real objection to the continuing presence of some Western troops in Berlin. But the free use of the stick was the main feature.

For this part of the conversation, Khrushchev took as his theme the futility of any Western attempt to resist him. If the West added one division to NATO, he said, he would add a hundred to the Soviet army. What was more, he boasted, he had all of Western Europe at his mercy. Only six of his H-bombs, he declared, would be quite enough to annihilate the British Isles, and nine would take care of France.

Except that Khrushchev said these things to Sir Frank Roberts in a normal tone, without either screaming or frothing at the mouth, this was a straight performance in the grand style of Adolf Hitler. Even the dangled, delusive carrots were Hitlerian; for the German dictator always mingled peaceful professions with his crudest threats. And in the passage giving the alleged requirements for the destruction of Britain and France, Khrushchev actually surpassed his model.

This Khrushchev performance in the Hitler style was not a novelty, by any means. At the famous Kremlin reception on New Year's Eve of 1959, 2 months after the Soviet boss' first threats to grab Berlin, he staged a similar performance for the benefit of the French and American Ambassadors. Yet the wild menaces in which he then indulged were not carried out.

In the present instance, however, the conversation with the British Ambassador forms part of a larger pattern. Other elements are Khrushchev's puppet speech of last week, the ostentatious display of new Soviet military aircraft at the recent air show, and the loudly announced decisions to increase the Soviet military budget by one-third.

All these signs point straight to the conclusion that the analogy with Hitler now needs to be carefully weighed and studied. Of course, it is incorrect to say that Khrushchev resembles Hitler. The founder of nazism was clearly paranoid, whereas Khrushchev, though increasingly inflated with arrogance, is clearly not a madman. But this difference, though enormously important, does not prevent Khrushchev from imitating Hitler.



Khrushchev's whole career reveals that he is a consummate actor, capable of assuming any role he pleases, from that of the obsequious clown who danced the gopak for Stalin, all the way to the role he has now chosen. As with all his roles, moreover, he has obviously chosen the Hitler role at the moment by design and after careful calculation.

Hitler's frenzies, it must be remembered, brought Hitler everything he wanted from 1932 to 1939. For years on end, he overcame all resistance by inspiring terror, which inspired wishfulness, which led on to surrender. Fear—naked fear—instilled in others by displays of military might and screams of menace—was the primary raw material of Hitlerian diplomacy.

It has not escaped Khrushchev's attention that this raw material was quite exceptionally effective for a long period of time. With the former commanding military lead of the United States blithely sacrificed in the complacent years, Khrushchev believes he can use fear as Hitler used it. It was no accident that he chose to aim his crudest menaces at the British Ambassador, in whose country the sentiment, "better Red than dead," has gained wider currency than elsewhere in the West.

Unless Khrushchev does another quick change of role, in fact, his strategy for Berlin is going to be a continuous, violent attempt to divide or intimidate the Western alliance by military threats. If this forecast is correct, the crunch at Berlin will be a very rough business indeed, testing the coolest Western nerves to the utmost.

While the test is in progress, it may become difficult to remember the essential difference between Khrushchev and Hitler. But if it is true that Khrushchev is not paranoid, he cannot wish to fight a nuclear war for Berlin. And thus, if Western nerves are cool enough, the test may end without disaster.

Mr. MILLER. Again I wish to commend the very distinguished Senator from New York on his excellent speech, and particularly on the note of getting on with the offensive. I think we have been derelict in reacting to the Communists rather than acting and having them react to us. Sooner or later we shall have to get on with the offensive if we are to win the cold war with communism. Communism is an aggressive philosophy, and it is not content to maintain a neutral position. We all know that peaceful coexistence is something that exists only in the figment of imagination of Mr. Khrushchev. There can be no peaceful coexistence with an aggressive philosophy like communism. We do not peacefully coexist with cancer. Sooner or later we must awaken to the fact that we must get on with the offensive ourselves and win. There must not only be a will to resist but a will to remain firm, as the Senator from New York has pointed out. But he has also pointed out that we must have a will to win, to get on with the offensive, and banish communism from the earth sooner or later. I thank the Senator from New York for yielding.

Mr. JAVITS. I thank the Senator from Iowa for his eloquent and pertinent remarks. I am delighted to be joined with him in this common view, which I think represents the fundamental purpose of our country. I am delighted that, notwithstanding the fact that the Senator has not been here too long, he is taking an affirmative initiative in respect to the very critical matters being discussed here.

Khrushchev gives us evidence of a man who must bring victories home every time, or he finds his throne shaking. This is an important problem for the American people to understand. It is one thing to understand the bringing home of new countries, new peoples, and new achievements of which he can be proud. It is another thing to face the iron realities of the fact that people, in order to be restrained from escaping from the Communist paradise, are subjected to the most forceful measures, including the use of the Soviet Army itself. This salutary lesson must be given every opportunity to sink in, and it will not sink in by itself. We must help it sink in at one and the same time that we engage in all the other measures I have described.

The peoples of the free world show up best when they face difficulty and danger. That concept can be utilized in this crisis to the greatest effect. It is true that we bestir ourselves mightily when we face danger. It is all the more reason for Senators to indicate to our people and the Government the lines along which we may most effectively bestir ourselves in order to avail ourselves of the great morale and high spirit which comes to free peoples when they are faced with grave dangers, as they are at the moment.

Finally, I deeply believe that the world is in a better position to stand up to this kind of totalitarian threat than it was in Hitler's day. I agree with the Senator from Iowa that there are many similarities between the two situations, because we have made very material progress toward integrating and knitting the world more closely together. NATO is probably the most outstanding example of that achievement. The survival of the United Nations, notwithstanding the demise of the League of Nations, is another outstanding example, as are our commitments around the world in the Southeast Asia Treaty Organization, the Rio Pact, the Central Pact, and so on.

More than anything else is the new concept by our country that we must work with, fight with, and generally operate with our allies in the closest way. There are those who place a great premium on negotiation. I agree that we must negotiate. But frankly, for the moment I do not think Mr. Khrushchev has made it profitable for us to negotiate. We should continue. It is our nature, the way of our world. But more than that, we must tie the free world even more closely together than ever. This is the time to do so, not when Armageddon waits on our shore, as we remember the dark days in 1940, when Churchill offered union to France, and when both countries were in extremis.

In unity there is strength. This applies to the world. These are the hard and burning lessons which all these momentous events should teach us.

Mr. President, I close as I began. We must prepare to move forward on the offensive, as the Senator from Iowa so properly said, in every field—military, economic, and propaganda.

Second, we must keep our shirts on and be very cool.

Third, we must tie the free world together as it has never been tied together before. No one can promise the result

in the face of such portentous and dangerous events as the closing of the border between East and West Berlin. But one thing we are sure of. There is infinitely more promise of the victory of freedom in these policies than in any other, and we can face the future, if not with equanimity, at least with the confidence and calm of men and women who have done everything within their power to protect their own future.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest that in the period between now and the resumption of consideration of the pending amendment, the pending amendment be laid aside and that the Senate turn to the consideration of amendments to be offered by the Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I offer my amendments identified as "8-11-61-F."

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 39, line 13, strike out the word "and".

On page 39, line 22, strike out the period and substitute "; and".

On page 39, after line 22, insert the following:

"(4) wherever appropriate carry out programs of assistance through private channels in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons."

Mr. MANSFIELD. Mr. President, will the Senator from New York yield to me briefly without his losing the floor?

Mr. JAVITS. I yield.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. I should like to ask the Senator from New York a question. I wonder if the Senator would accept a modification. I believe it would clarify matters if the Senator's amendments were modified in line 6, after the word "channels" by adding the words "to and to the extent possible."

There are two parts to the thought expressed there. The first part refers to private channels, which are largely our own private channels. The other part refers to local private channels. It would make the amendment a little more flexible. Would the Senator have any objection to such a modification?

Mr. JAVITS. No, not at all.



The PRESIDING OFFICER. Does the Senator so modify his amendments?

Mr. JAVITS. I so modify them.

Mr. FULBRIGHT. The amendments of the Senator from New York are certainly consistent with the overall purpose of the bill, and certainly have a great deal of virtue. Wherever possible, we should utilize private channels and encourage participation of American private channels in that connection, and also encourage participation of local private channels wherever it can be done and wherever it is appropriate to the accomplishment of the purpose of the bill. I am prepared to accept the amendments as modified.

Mr. JAVITS. I am grateful to the Senator from Arkansas. Without delaying the matter, although I gather there is some desire to do business while we are waiting, I should like to say to the Senator that the operative part of the amendments lies in the fact that the Development Loan Fund will be available for this type of development wherever appropriate and wherever it can be done in the manner which is described in the amendments.

I had originally contemplated doing the same thing to this section insofar as the management of this program is concerned, because I believe that we have an enormous opportunity to tie in private enterprise into the aid missions themselves.

A most important objective of this Government's foreign assistance programs is the encouragement of economies in the less developed countries of the world which will not only produce more goods and services for more people but will so preserve freedom of choice and initiative.

Our own experience has been that competitive private enterprise has produced a higher standard of living with less governmental dictation than anywhere else in the world.

It would be a paradox indeed if in our efforts to aid the less developed areas in the world we overlooked the role of private enterprise and thus failed to use our most effective economic resource. This is why it is so important to insure that the bill before the Senate gives to the administration the tools which are necessary to stimulate private enterprise participation in foreign assistance programs.

As the bill now stands it appears to lack a specific declaration of policy authorizing loans for privately managed development projects and does not make it clear that loans from the Development Loan Fund may be made to private enterprise as well as to governments.

Loans to private enterprise either in this country or in the country receiving assistance or to mixed enterprise of both might well prove to be the most effective way of achieving many of the long-range purposes of this bill. In many instances a relatively small loan of Government money could trigger substantial investment of private U.S. and foreign capital in a desirable project in one of the less developed areas.

Particularly useful would be loans to joint or mixed companies in which American management techniques would

combine with local ownership to construct and operate facilities in the private sector of the foreign economy.

It seems important, therefore, that the present bill be amended to emphasize the importance of such loans so that the administering officials will labor under no doubts whatsoever about the sense of the Congress. There would be a clear statement of policy favoring, and specific authorization for, loans from the Development Loan Fund to private enterprise in order to encourage its participation in the foreign assistance program.

Perhaps if there is some time left after we act on the pending amendments the Senator will permit me to retain the floor and make some remarks on that subject.

The Senator from Arkansas has properly pointed out that there is legal authority under section 635 to do precisely that. It is for that reason that I pointed out that the operative aspect of the amendments relates to the fact that the Development Loan Fund would, wherever appropriate, be available for private enterprise participation. This does not have merely a general applicability; it is specifically tied in.

I am grateful to the Senator for being willing to accept the amendments.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that the amendments be considered en bloc?

Mr. JAVITS. I ask that they be considered en bloc.

Mr. FULBRIGHT. My assistant tells me that I may have misspoken myself. I thought I suggested the modifying language to be: "to the extent feasible." He tells me that I said "to the extent possible."

Mr. JAVITS. I believe the Senator said "possible." He meant feasible. Would "practicable" be acceptable to the Senator?

Mr. FULBRIGHT. That is all right. That is good language.

Mr. JAVITS. I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. The language on line 6 would then read: "assistance through private channels and to the extent practicable in conjunction with".

Mr. FULBRIGHT. That is correct.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments as modified, offered by the Senator from New York.

The amendments were agreed to en bloc.

Mr. BUSH subsequently said: Mr. President, I was off the floor when the Javits-Bush amendment was accepted a few moments ago.

I should like to make a few comments, and I ask unanimous consent that they be printed in the RECORD at the time the amendments were agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, I have strongly supported this amendment on four particular points. I believe it is important to the United States that this amendment be built into the law, and I

hope the House of Representatives will view it in that light.

First, loans to mixed enterprises—that is to say, with U.S. private capital participating with local private or governmental capital in the indigenous countries—will make the Federal funds go further, because it will bring into the foreign-aid program investments of private investors in the United States, both corporations and individuals.

Second, by stimulating private enterprise participation in this entire effort—that is to say, private enterprise investments, in particular—we shall be supporting the system which we favor at home and under which we live and always have lived.

Third, if private enterprise were not encouraged in Latin America and in other countries which will be affected by this legislation, there would be increased danger of government ownership in the indigenous countries of factories, industrial enterprises, banks, and so forth, which in our country are privately owned and operated.

Fourth, Mr. President, if a country in which government ownership predominates is subject to Communist pressures, of course conditions are more ripe for a Communist takeover.

In conclusion, Mr. President, I express my very ardent hope that this amendment will remain in the legislation when it is finally consummated.

Mr. JAVITS. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. JAVITS. I wish to thank the Senator from Connecticut for his participation in the drafting of the amendment and for his invaluable aid in getting other Senators to sponsor the amendment and in making it acceptable to the manager of the bill on the floor. I express my hope that this effort will be crowned with success for both of us; but primarily I wish to emphasize my partnership with the distinguished Senator from Connecticut in this entire effort.

Mr. BUSH. I thank the Senator from New York very much. In response, I wish to say that I commend the Senator from New York highly for his initiative in connection with this very important amendment. He has stayed with it and has perfected it, from its original draft, so that it has become acceptable to the distinguished chairman of the Foreign Relations Committee and to the Senate. So I appreciate his kind remarks, and, in turn, I compliment him very highly.

Mr. JAVITS. Mr. President, I should like to say a word on another amendment which I have had printed but which I shall not offer, in view of the very gracious and, I submit, constructive acceptance of my amendments by the Senator from Arkansas, and which amendments have been adopted by the Senate.

I would like to point out that in the other amendment, the language of which would have been inserted in the same place in the bill, I would have made an effort to tie into the management of the foreign aid program which we have in



various countries, private enterprise and private enterprise people.

It is rather an open secret that one of the grave problems in connection with the foreign aid program has been the problem of getting adequate personnel for the purpose of administering the foreign aid program.

Those who favor the program—and I number myself among them—have often been challenged by the fact that the program is not being run right, and some of this criticism has been justified; and we have always been able to answer such criticism by saying that many of these problems relate to our inability to get the necessary technical and necessary skilled people to do the work.

Yet we know that there are literally thousands of the most highly technically qualified people known to the world working in various aspects of American industry and American business.

One of the many causes of the problem is the archaic conflict-of-interest provisions in our Federal law.

We did away with the idea of people working "w.o.c." or for a dollar a day for the Federal Government. Now everyone has to be a full employee or a consultant, and must also be paid. Therefore, the primary problem now is the problem of divestment of investments and other holdings which we impose upon a person if he is going to work for the Federal Government in one of these foreign aid missions.

The second point, one which I regard as even more serious in respect to the administration of the foreign aid program, is what is called in business the closing of the ranks. It is a rather unfamiliar idea to us, I should say, but a very familiar idea to the vice president, the technician, the secretary, or the treasurer of some important company, because he knows that when he gets out with so many other executives—30, 40, 50; sometimes the number runs into the hundreds—his place will be filled, and the ranks will close. Although the company may take him back at some other time, when he is ready to come, his place, based upon normal experience, in respect of his economic future, will have been preempted, although not improperly, simply because the ranks have been closed, his place has been filled, and he has had to take his place at the end of the line.

In addition, there are pension rights, stock option problems, and other grave problems affecting individuals, many of whom cannot afford to lose them. We are living today in a trusteeship society. The old concept that every president of a company was a rich man is today untrue. Some are rich, but many are not. I know personally the president of one of the greatest banks in the world, a bank having billions of dollars of deposits and making billions of dollars in loans. He is a man of very modest means. I think that is a great thing. It is wonderful that the country has developed in this direction. But to ask a man like that to pull up his roots, go to work for the Government, and then come back and take his place at the end of the line in his own organization, is often ask-

ing more than a man can do. A man who is in his forties or fifties does not feel justified in taking such risks.

Therefore, it is necessary to take a new approach to the problem, one which will secure the best persons, which will profit from the patriotism of the men and women to their country, and will contribute the most to the effort which we are making. I think the most fruitful area lies in the field of contract—contract between the Federal Government and individual companies—perhaps a group of companies—in which the personnel will be contributed, but without severing the relationship between a particular operative and his own company. That is done today with universities and with other organizations. The Rand Corporation, one of the most outstanding examples, uses that method with the Department of Defense.

We do it with the most delicate and secret weapons systems in the so-called systems management concept of the Department of Defense. We entrust General Electric, Westinghouse, Philco, or RCA, or any one of a dozen other companies, with the highest secrets in our Government. Why should we not adopt the same technique in order to secure the best possible business management for the foreign aid program, not necessarily for all of it, but for a specific phase of it. It is entirely conceivable that a contract to be made not only with one American company but a consortium of American companies, or with a consortium of American and foreign companies which are friendly to us, or who participate in the aid effort, for the purpose of taking a segment of the aid effort—for example, the agricultural segment, which will involve the development of land, fertilizer, farm machinery, or technical assistance in connection with many other parts of agriculture, which are done admirably by private enterprise. Under contract, that part of the development could be pursued in a particular country. I think this would be productive of hastening the fulfillment of this program, and would enable it to be far more effectively administered than it is, a result which is long overdue.

I join with the Senator from Arkansas [Mr. FULBRIGHT], who has stated that under section 635 of the bill the President is in a position to do precisely what I have described, by the general authority of the bill, without any specific direction or mandate.

I hope this discussion may be of some helpfulness to the President and to those whom he will charge with the administration of this new, enhanced, and much bigger opportunity than we have ever had before in respect to foreign aid, and will give the most active consideration to these ideas. They are ideas which have been developed in the course of the work of the NATO Parliamentarians Conference, of which I have the honor to be the chairman of its economic committee. These ideas have grown there. There are now groups in this country. There is a U.S. advisory group and a German advisory group, bringing together the leading people in the business worlds of the United States and Germany. These two groups are expected to meet

in Paris on October 5 to consider, so far as they can properly and within the laws of their respective countries, the proposals of the Governments of the United States and the German Federal Republic along these lines.

I throw out these ideas because they represent the purpose I hoped to serve in the amendment I shall not now call up, because I believe the private enterprise amendment, which has been found acceptable, is an excellent one, and I do not wish to crowd the bill any more than is necessary. However, I cite the critical effect of section 635, subsection (c), if implemented in the way I have described.

I close upon this note. We have about 20 percent of the resources of our people in the opportunity which Government has to deal with them; that is, out of a gross national product of \$500 billion, in round figures, about \$100 billion, in general, or available to the Government, which can marshal and direct them in the best way to aid us in the struggle for freedom in which we are engaged. That leaves \$400 billion, a most unbelievable and the greatest single bloc of money to be found anywhere on earth, which is in the hands of the economic system of the United States. Over all the years, we have not learned how to tie in that private economic system with the fundamental objectives and aspirations of a foreign policy of the United States. I believe that if the President will give attention to the kind of proposal I have been discussing in the last few minutes, we shall have a good chance to tie this tremendous bloc of power into the foreign policy efforts of the United States.

I hope these ideas may commend themselves to the Senator from Arkansas, to the consideration of his committee, and to the President of the United States, as well.

Mr. FULBRIGHT. Mr. President, the views of the Senator from New York are worthy of the most serious consideration. The objective is a good one. There have been some difficulties concerning their application; that is, the question of adjusting, which he has already described in another connection. He has described the question of adjusting the status and remuneration of personnel in Government and in private enterprise.

I know that in view of the discussion the administration will pay particular attention to this problem. I know the administration is extremely concerned about obtaining better qualified persons to be administrators. The President has said so on several occasions. There is a provision in the bill for new super grades and for regional directors.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. Has my amendment been acted upon?

The PRESIDING OFFICER. It has been acted upon and accepted.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.



The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I wonder whether the Senator from New York [Mr. KEATING] is ready to proceed to discuss the amendment. We have delayed our action on it, pending his arrival.

Mr. KEATING. Mr. President, I am ready; and I appreciate very much the courtesy of the Senator from Arkansas in delaying the further consideration of the amendment during my absence due to another engagement.

Mr. FULBRIGHT. The Senator from New York is aware, I believe, that I have offered a perfecting amendment to the one offered by the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Connecticut.

Mr. KEATING. I am; and I understand that it differs from the proposal previously made by the Senator from Arkansas, in two respects: First, it makes the amount \$15 million, instead of \$10 million; and, second, it provides that the loan provisions and purposes shall be submitted to both the Senate Foreign Relations Committee and the House Foreign Affairs Committee. But I understand that in other respects it is similar to the proposal previously made by the Senator.

Mr. FULBRIGHT. That is correct.

Mr. KEATING. I must say that I prefer the language previously submitted by the distinguished chairman of the committee; and I was disappointed when I found it had been changed. It seems to me that \$10 million is sufficiently small, and that these loans should be submitted to the four committees. We have eliminated the provision for a veto power, which was inherent in the original amendment offered by the senior Senator from Massachusetts and other Senators; and with the elimination of the provision for a veto power, it seems to me much preferable to let the amount remain at \$10 million and to provide for jurisdiction by the four committees.

I understand there has been some debate during my absence. There is no disposition on my part to interfere with any processes which may have occurred here, but I must state that as my own view of the matter. I am not exactly sure what was said earlier by the distinguished Senator from Massachusetts, with whom I am affiliated in offering this amendment.

Mr. FULBRIGHT. Let me say to the Senator that very vigorous objection was raised to having so many persons involved. I think the Senator from Vermont [Mr. AIKEN] was one of those who counted the number.

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I suggested that it might be advisable to get 100 muzzles for the various Members of Congress concerned; and I was conservative when I made

that statement, because actually 127 Members of Congress and their staffs would be concerned, in all.

Mr. KEATING. In the four committees?

Mr. AIKEN. Yes. The House has 50 members of its Appropriations Committee and 33 members of its Foreign Affairs Committee. The Senate has 27 members of its Appropriations Committee and 17 members of its Foreign Relations Committee. They total 127 members.

Mr. KEATING. Mr. President, I feel quite sure that, when this matter reaches the other body, there will likely be an insistence that the Appropriations Committees of both Houses also have a look at the loans before they are sent out. If it is necessary to have some protection in the interest of national security, the President or those in the executive branch who submit the loans always have the authority to classify any document which is sent to Congress. I have confidence that the Members of Congress will respect that security. It happens all the time. I concede there have been leaks, but they have not been great in number, and I think that we can depend on the members of the committees to abide by the rules.

Mr. AIKEN. I do not think there would be any assurance that the information would stay in the committees after the contracts were submitted to them.

Mr. KEATING. I respect the views of the Senator from Vermont, as he knows. I would question whether the general public interest in individual loans would be such that, as a practical matter, there would be leaks. I certainly think, if we are going to repose trust and confidence in the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House, we may as well do the same with the Appropriations Committees. I hope they will not be placed in a second-class position.

Mr. AIKEN. I think reducing the number from 127 Members of Congress to 50 would probably be helpful, although I do not know that members of the Foreign Relations Committee of the Senate and of the Foreign Affairs Committee of the House are much more adverse to publicity than are members of the respective Appropriations Committees.

I am wondering, if we take out the veto power, take out the provision relating to the Appropriations Committee, and increase the amount from \$10 million to \$15 million for each contract, just what remains of the measure.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I do not mean to imply it is that important. I strongly prefer it. I am so drawn to the so-called Dirksen substitute, which, as I understand it, has no limit in it at all—

Mr. FULBRIGHT. That comes later.

Mr. KEATING. I think the Senator from Connecticut [Mr. BUSH] has a suggestion now in that regard, if the Senator will yield to him.

Mr. BUSH. Mr. President, if the Senator from Arkansas will give me his at-

tention, I should like to ask him to give us his reaction to the proposal that we take the perfecting amendment of the Senator from Arkansas in order to accommodate, part way at least, the views of the Senator from Illinois, and that we change the \$15 million to \$1 million. It would become the first section of the Dirksen amendment, which is called (d) in his amendment as perfected, and then the succeeding sections of the perfecting amendment, (e), (f), and (g), remain unchanged, except we speak of the national security rather than the national interest. The change of those words was discussed this morning. So what we would have under this modification would be the full impact of the Fulbright perfecting amendment plus the most important sections of the Dirksen amendment. It seems to me that would be a satisfactory accommodation of the whole issue.

It would go part way toward meeting the purpose of the Senator from Illinois with respect to the amount. His amendment calls for no limitation. Every single loan would come under it if it were not changed. On the other hand, he might be persuaded to take the provision of a \$1 million limitation on the loan side. The only thing this proposal would leave open that seems to be in dispute is the question of whether there should be four committees rather than two committees. I have made my position clear. I would much prefer to see the two committees provided for, as contained in the perfecting amendment. I am also persuaded that action would not stand up, and, consequently, reluctantly, I would take the four-committee provision.

I ask the Senator from Arkansas if that accommodation does not seem a reasonable solution.

Mr. FULBRIGHT. It seems quite reasonable. I want it understood that I think I have made a genuine attempt to accept the offer of the other day by the Senator from New York, the Senator from Massachusetts, and the Senator from Vermont, who was really the beginner of this effort. I hope this is agreeable to him. If it is, I do not insist upon my amendment. I was trying to reach what I thought was a fair discharge of the obligations that were undertaken in the colloquy a few days ago. I think what the Senator has proposed is quite reasonable.

Mr. KEATING. In other words, the Senator would take \$1 million as a limit, with the protections that are embodied in the Dirksen amendment.

Mr. FULBRIGHT. I think the Dirksen amendment has some other features which are quite good. I think it is going to cause a lot of work on the staffs of the committees and is going to cost a lot of money to set up special staffs. I hope the Democrats will not be called big spenders for setting up big staffs to comply with the provisions of the amendment.

Mr. KEATING. They are already big spenders.

Mr. FULBRIGHT. There is one phrase that I think ought to go out, and



that is "by action of said committees." It is in the last sentence of section (e). I think the Senator was agreeable to that. Outside of that, I am agreeable to accepting the amendment.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. This is the one thing upon which I would want to insist; in other words, that the committees shall have the determination in the final analysis as to whether the national security requires the waiver of the filing of these reports. It seems to me this should not be left to the executive branch and that there should be action of the committees as to the filing being waived. I think that is very important to the entire Dirksen amendment.

Mr. FULBRIGHT. There are four committees. They all must agree about national security? That will become quite complicated.

Mr. KEATING. I should be willing to modify that in some manner, so that it would not have to pass all four committees. I think the final determination should rest with the legislative branch as to whether the filing should be waived. I should be glad at that point to provide for action of the Foreign Relations Committee of the Senate and the Foreign Affairs Committee of the House, as to the filing being waived. Those are the committees which are most familiar with the involvement of national security in the program. At that point in the amendment I personally would be glad to accept that suggestion.

Mr. FULBRIGHT. That would certainly be an improvement. I do not know what the author of the amendment would think about that. I understand the Senator did not commit himself.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. I have the impression that the Senator from Arkansas, the esteemed and able chairman of the committee, has the idea that the less meaningful the amendment is the more meritorious it becomes.

I would say that the Senator's proposed substitute is very meritorious indeed, when judged by that kind of criterion.

Am I correct in assuming it has been agreed that the contracts would be submitted to the Foreign Affairs Committee and the Foreign Relations Committee and those two only?

Mr. FULBRIGHT. That is what is in the perfecting amendment I have proposed.

Mr. AIKEN. I am sure the sponsors of the amendment, as well as the Senator from Arkansas, agree that the members of the Appropriations Committee of the House—in spite of the fact that 1 out of the 50 in the House seems to be anathema to the Executive department—are able, conscientious representatives of their people who can judge fairly and accurately on the merit of one of these proposed contracts which might be submitted to them? They are very good and able people, are they not?

Mr. KEATING. If the Senator will yield to me, Mr. President, there may be some misunderstanding in this regard. If the suggestion of the distinguished Senator from Connecticut is accepted, that the Dirksen amendment as modified be accepted, it would call for all four committees to have a look at the report.

Mr. AIKEN. I assume the Senator from New York as well as the Senator from Arkansas will agree that the members of the Appropriations Committee are very able and conscientious members? There is no question on that, is there?

Mr. FULBRIGHT. No. The whole membership of both bodies is able. We can submit it to all of them if the Senator wishes. This amendment would draw no distinction between their capacities and abilities.

Mr. AIKEN. I wish to point out that the members of the Senate Committee on Appropriations are so able and conscientious that 17 out of 27 voted against any back-door financing whatever. I should be willing to leave the details of the bill in their hands, at least until it is all settled.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. The pending question is on agreeing to the perfecting amendment offered by the Senator from Arkansas, is it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. FULBRIGHT. I wonder if we could have a vote on that. If it is voted down or accepted, we can proceed to consider the substitute amendment. We have to resolve this problem. I have no more to say about it.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. I thought the Senator from Connecticut, together with the Senator from Arkansas, had reached something we could all live with or go along with.

Mr. FULBRIGHT. I said that some of it appealed to me, and immediately that I made a suggestion the Senator from New York violently objected.

Mr. KEATING. That was a suggestion for changing the Dirksen amendment. I like that as it is.

Mr. FULBRIGHT. I have already discussed this with the Senator from Illinois. When the Senator was out of the Chamber we had a long discussion. I think we must resolve it one way or another. I confess I will not think the bill will be ruined by any of these things, but, if possible, I should like to have the Senate vote.

Mr. BUSH. Mr. President, will the Senator yield so that I may read this?

Mr. FULBRIGHT. I shall be glad to yield the floor.

Mr. BUSH. Either way would be satisfactory.

Mr. FULBRIGHT. I yield the floor.

Mr. BUSH. I should like to read into the Record the modification of the perfecting amendment offered by the Sen-

ator from Arkansas which, as I said earlier, encompasses the main points of the Dirksen amendment and the main points of the Fulbright amendment. In order to get this into the RECORD, I should like to read the language as it would appear, if it comes to a vote.

On page 6, after line 3, insert the following:

(d) In any case in which the amount of a proposed loan under this title exceeds \$1,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives, and the Committees on Appropriations of both Houses.

(e) —

This follows the language of the Dirksen amendment:

It is the primary intent and purpose of the above paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest. *Provided, however,* That if the President certifies that any such report will be adverse to the national security then by action of the said committees the filing thereof may be waived.

(f) —

And this follows exactly the language of the Dirksen substitute:

When an authorization is submitted to the committees named in paragraph (d) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

(g) —

And this is the final provision of the Dirksen substitute.

The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

Mr. FULBRIGHT. I said, to make the record clear, if the Senator would make it \$10 million and would delete "by action of the said committees," I would accept it, so far as I am concerned. I assume there is some difficulty about that. That is the whole substance of it, except for the \$10 million instead of \$1 million and the words "by action of the said committees."

Mr. KEATING. Instead of eliminating "by action of the said committees" would the Senator be willing to accept "by joint action of the Committees on Foreign Relations and Foreign Affairs"?

Mr. FULBRIGHT. That simply removes the waiver power of the President. I do not see how that would be workable. It seems to me, in regard to national security, as the great Senator from Illinois said, this is taken from the Middle East Resolution. That gives the President authority in cases of national security. The President has to certify. If the President is responsible at all, he would not do that unless there were some very important trouble. The President is the person who has all the information.

I do not see how this would work, with the committee action. I think that is



the only bad thing about the provision. In fact, when it was first read, I did not even notice it was subject to committee action. I thought we were giving the President that authority which is usually given. With those two amendments, I am perfectly willing to take the amendment now.

Mr. BUSH. That is, the \$10 million and the two committees?

Mr. FULBRIGHT. No committees. It would read:

*Provided, however, That if the President certifies that any such report will be adverse to the national security then the filing thereof may be waived.*

That is how it would read.

Mr. BUSH. That is under "(e)."

Mr. FULBRIGHT. Yes. I would take that in a minute.

Mr. KEATING. The Senator comes from a great trading area. We wish to have four committees. The Senator would like to have none. We might split the difference and make it two.

The suggestion I have made is for the two Committees on Foreign Relations and Foreign Affairs. That seems to be fair. I urge the Senator to accept that.

Mr. FULBRIGHT. The reports will come in. Four committees will receive reports. This relates only to the certification of national security. We do not remove the committees with respect to receipt of reports.

We have already given in on that point.

Mr. KEATING. Before a vote is taken, I should like to ask the Senator one additional question. Do I correctly understand that in colloquy which took place before I came to the Chamber the Senator somewhat revised his legal opinion expressed on Friday, and now believes that under section 617 a particular project could be terminated by concurrent resolution?

Mr. FULBRIGHT. Friday I said I had made no investigation of that subject, but that I thought the intent was to apply the termination provision to a whole section. Since that time I have consulted our legal adviser in the committee with respect to that point, and I am told that the legal staff believes it applies to specific projects. I have no reason to disagree with that opinion.

Mr. KEATING. I was about to make a suggestion that if there was any doubt about it, perhaps after the word "terminated" we should insert the words "or cancelled."

Mr. FULBRIGHT. What I have stated is what I was told. I think it is subject to that interpretation. I said what really was intended. I believe it would apply to specific projects.

Mr. BUSH. Mr. President, we have been discussing the merger of two or three amendments, one of which is sponsored by the distinguished Senator from Illinois [Mr. DIRKSEN]. I wonder whether he is prepared to give us his views about a possible merger of the amendments as outlined? Is the Senator prepared to make any observation at this time?

Mr. DIRKSEN. The distinguished Senator from Arkansas has indicated that he is not particularly interested in

a \$1 million cutoff. He thought that was entirely too small. I think it is not too small. I think \$1 million is a great deal of money. I grew up as a youngster under the care of a mother who used to give me a penny on Sunday and say, "My son, don't spend it all in one place." One million dollars is still a great deal to me. It is \$1 million of the people's money, and we cannot overlook the importance of it. I think the figure of \$10 million is entirely too high. If we wish to insert in the bill a cutoff amount of \$1 million, I have no objection.

With respect to the proposal to change the words "national interest" to "national security," such change would be perfectly agreeable to me.

If we were to strike out the words "by action of such committee," of course, we would be placing in the hands of the Executive rather than in the hands of Congress the power to waive the report on certification by the President. Perhaps it is not a minor matter. I do not suppose the power would be abused. But there is a principle involved, and that is that if there is to be oversight, if there is to be congressional scrutiny, we must preserve the power to Congress, and that includes the power to waive rather than to leave the authority in the hands of the President.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KEATING. I share the views expressed by the Senator, but I wonder how he would feel about leaving the question to the Committees on Foreign Relations and Foreign Affairs jointly to waive the filing? The objection was raised that to require all four committees to act on whether the filing was to be waived might be somewhat cumbersome.

Mr. DIRKSEN. It has never offered any difficulty. In the days of World War II we were confronted with comparable situations. I served on the Appropriations Committee year after year. I recall no troubles that we had. I see no reason why we should have difficulty now.

But the responsibility would be somewhat diffused. I think it is a capital idea.

Mr. KEATING. I share the views of the Senator. I made the other suggestion in an effort to see whether we could get together. But I believe the Senator is correct, that the decision should rest with the four committees of Congress.

Mr. BUSH. Mr. President, I yield the floor.

Mr. DIRKSEN. Did the Senator offer the language of his proposal?

Mr. BUSH. I read the language into the RECORD in order to obtain a consolidation of views in the RECORD. But I do not think I have the privilege of offering the wording as an amendment.

Mr. DIRKSEN. I wonder if the distinguished Senator from Connecticut will recite the language again so that all Senators may determine where to make proper interlineations in the copies before them.

Mr. BUSH. I shall be glad to do so.

The language is the language of the Dirksen amendment, but for the first section of that amendment (d) I have substituted the perfecting amendment offered by the Senator from Arkansas, with one change: the insertion of the figure \$1 million instead of the figure \$15 million. As I have said, I reluctantly have added the two Appropriations Committees, so that the suggested merging amendment would read, as follows:

On page 6, after line 3, insert the following:

"(d) In any case in which the amount of a proposed loan under this title exceeds \$1,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses."

Now we come to the language of the Dirksen amendment, which is almost unchanged. There is one small change. The word "security" is substituted for the word "interest," so that the paragraph would read as follows:

(e) It is the primary intent and purpose of the aforesaid paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest: *Provided, however, That if the President certifies that any such report will be adverse to the national security then by action of the said committees the filing thereof may be waived.*

The language of (f) is the Dirksen language. I will read it:

(f) When an authorization is submitted to the committees named in paragraph (d) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

Finally (g) is the exact Dirksen language, as follows:

(g) The chairman of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

Mr. DIRKSEN. Mr. President, I reluctantly accept the modifications. I say "reluctantly" for a very good reason. The amendment was drafted having in mind other authorizations besides authorizations for loans. One of the principal authorizations, of course, would be that which would authorize the President to issue notes and to determine the terms, maturities, the conditions, interest rates, and everything that enters into the question. That is a power that Congress has never alienated away. Senators will remember the great struggle last year over the interest rate on the public debt. Under the terms of the bill, the transaction would be a public debt transaction. Congress has never seen fit thus far to lift the interest rate upon general obligations outstanding, and I think it is a subject of vital interest and one that would be included in the language I originally proposed. But I shall not quarrel or quibble about it. I



understand that we must resolve the question one way or the other, and I shall accede to the language that has been suggested by the distinguished Senator from Connecticut.

Accordingly, I ask that the language of my amendment be modified to bring it into line with that suggestion.

The PRESIDING OFFICER. The amendment will be so modified. Will the Senator send a copy of the modified amendment to the desk?

Mr. BUSH. I send to the desk a copy of the amendment, as modified by the Senator from Illinois.

Mr. CAPEHART. Mr. President, it seems to me that the debate on these amendments proves the need to rewrite completely the entire bill. It proves to me that Senators, or those who are authors of the amendments, are fearful of the bill in its entirety.

They do not like the concept of the bill. The proper way to cure this matter is by making the bill a year-to-year bill, with Congress appropriating money each year, and writing into the bill stipulations that we wish to put into it. The idea of holding up a loan of \$1 million for 30 days or 60 days, until four committees of Congress act on it, is in my personal opinion—and I have had some personal experience with this sort of thing—unworkable and impracticable.

I shall vote against the bill unless it is amended and almost completely changed on the floor of the Senate. In my best judgment there are sufficient votes available to pass the bill, of course. If we are to have a foreign-aid bill, I would like to have it be a year-to-year bill, at most not to exceed 2 years. We should write such a provision into the bill, instead of adopting amendments such as the one now being offered. If we are going to have a bill, let us have one that will work. It seems to me that if we require that the President must submit all these loans to four committees of Congress, we will tie the hands of the President and tie the hands of the administration. The result will be that they will not be able to accomplish anything. Perhaps that would be the best thing that could happen. However, I cannot sit here in good conscience and not point out to myself, and at least to make the record, that the kind of suggestion embodied in the pending amendment is impractical and unworkable.

It would create a great deal of chaos and confusion if the bill becomes law. We hope some good will come from it. If we did this sort of thing, it probably would be the wrong thing to do. I rose primarily to point out that the debate thus far and the offering of these amendments prove that the great majority of the Members of the Senate, including the chairman of the Foreign Relations Committee, do not like the concept of the bill itself.

What we ought to do is to start all over again and put the bill on a yearly basis of appropriations, and write into the legislation necessary safeguards; then have the President of the United States or the agency which handles the program report each loan to Congress, so everyone can see and read it, and

then let the administration proceed to administer the bill. That is the way it looks to me. Perhaps I do not understand these amendments, but I think I do. I believe I understand them. I believe that is the purpose of them.

I shall offer an amendment a little later to reduce the period to 2 years. What is proposed now is that we tie up the whole proceeding by holding up the making of a loan for 60 days until 4 committees—with 15 members on each committee, that would make it 60 members—can pass on it. That is what would happen if we passed a 5-year bill. That is a long time. That would amount to 60 months. Why do we not put it on a year-to-year basis and appropriate money every year and write the necessary safeguards into the legislation?

Mr. AIKEN. Mr. President, I rise without any reluctance whatever. The amendment has been amended and reamended so many times that I do not know exactly who the last parent of it was, although I believe it was the Senator from Illinois. I am certain he will permit any others who feel like doing so to join him as cosponsors of it.

I am opposing the amendment because I feel that any of these amendments now being considered, with the possible exception of the substitute originally offered by the Senator from Arkansas, is an infringement on the powers of the executive branch of the Government. I am opposed, as I have made clear, to any infringement on the legislative branch by the executive branch. I am equally opposed to any infringement of the functions of the executive branch by the legislative branch. That is what the pending amendment would do. I am referring to the integrated amendment now, which amendment, I believe, was offered by the Senator from Illinois. I believe he still claims ownership of it.

It purports to do what is already in the bill. It gives veto authority to four committees of Congress over what the full Congress has already authorized the executive branch to do and has provided funds for them to do it with.

Secondly, coming now to the Dirksen amendment, subparagraph (e) provides a full escape for the executive branch when it provides: "Provided, however, That if the President certifies that any such report will be adverse to the national interest"—now changed to "security"—"then by action of the said committees the filing thereof may be waived."

Representatives of the State Department have testified repeatedly before the Committee on Foreign Relations that to submit contracts before consummation would be demoralizing to the foreign-aid program.

Therefore the President could well and properly decide that submitting these contracts to the committees of Congress would be adverse to national security or to the national interest, whichever phrase is used.

Then in subparagraph (f) of the Dirksen amendment it is provided:

When an authorization is submitted to the committees named in paragraph (d) of

this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

In other words, a concurrent resolution would be reported out in secret or in public, and then Congress would be in a position, if it approved such resolution, of breaking contracts signed with foreign countries in the name of the United States—contracts which Congress has already authorized the executive branch to make and for which it has provided the funds.

Now we come to the last paragraph of the Dirksen amendment:

(g) The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

There are four committees, with 127 members. These members have staffs in their personal offices. They have staffs in the committee offices. All of the members would have access to this information.

These chairmen are directed—not just authorized—to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee. How much personnel would be required to survey all the contracts that might be submitted to these committees by the Development Loan Fund, assuming that the President thought it wise to submit any at all? I have heard that it would take not less than 100 people to keep a check on these contracts. Here are four committees, and the chairmen are directed to employ all necessary competent and skilled personnel to evaluate such reports.

Does that mean that each chairman must have such an addition to his staff? How many would he need to have on his staff? I suppose the four chairmen could get together, and each say, "I will hire so many, and you may hire so many." The House would get the better of the Senate, because the House Committee on Appropriations has 50 members, and the House Committee on Foreign Affairs has 33 members. The corresponding Senate committees have far fewer than that number. I do not see how that proposal would work.

Furthermore, there is already a way, provided by law, for keeping a check on the expenditures of the executive branch of the Government. The General Accounting Office, which has in the neighborhood of a thousand employees, is responsible for checking on the expenditures of the executive branch. The General Accounting Office has been praised by the Senate for hunting down and exposing the misuse of funds in the foreign aid programs. Would it not be much better to give the General Accounting Office as much money as it needs through appropriations to enable it to conduct more extensive investigations, if that is what Congress desires?

The General Accounting Office is an instrumentality of Congress, not of the executive branch. If it is decided that additional funds should not be provided to enable the General Accounting Office to do a better job, what shall we do with



the Committees on Government Operations of the Senate and House? Shall we abolish them? Shall we say that they are no longer needed to keep track of the expenditures in the executive branch? Those committees were created for that purpose. The original title of those committees was Committee on Expenditures in the Executive Branch of the Government.

I simply cannot see the need for any of these amendments. I do not know what they will accomplish. Either one believes in back-door financing or he does not. I have much respect for those who say that our country has progressed to the point where it is necessary to provide Treasury borrowing, and not to follow the slower process of appropriations by Congress. I myself do not feel that way. Nevertheless, I do not believe these amendments are needed.

Mr. HICKENLOOPER. Mr. President, I do not like to admit it, but I am about to speak on a proposal which I do not understand, because I do not know what is in the hodgepodge of proposals, counterproposals, corrective amendments, clarifying amendments, combination of amendments, and all the rest of the language that has gone into the apparent proposal which is now before the Senate, a proposal of which we do not have a copy of the language. So I am not certain what is before the Senate.

However, I have been listening to the various interruptions and interlineations, and the rest of those things that go into the discussion of a proposal.

As I understand, what is being proposed is in the nature of a palliative. I do not know whether it is a conscience-soothing operation or exactly what it is.

There is one major issue in the subject up to now; namely, Shall we bypass the Committees on Appropriations, the appropriating process of Congress, or shall we adhere to it? Apparently that question was settled last Friday. Frankly, I have read two or three of the proposed amendments and suggestions without understanding how they have finally been dovetailed together into one proposal. I do not understand how any of them can be effective except to provide someone with an excuse to say, "Oh, I voted for something which protects the rights of Congress." In my judgment, it does not protect the rights of Congress at all.

A moment ago I listened to the remarks of the distinguished Senator from Vermont [Mr. Aiken]. I agree with him that the provisions, as I understand them, of what is now proposed are all unworkable and impractical. They mean absolutely nothing to the operation of the act, and can result only in confusion. I do not favor the back-door spending operation, but I do not believe that the proposals which are now before the Senate will do anything except create confusion.

The program involves almost \$9 billion during the next 10 years. Already we have in effect appropriated that money through an authorization act. The Committee on Appropriations has nothing to say about that. We have placed discretion in the agency and in

the Treasury. They are going ahead with the program.

There is nothing in any of these proposals which provides that the program can be stopped, or even that a million dollars, if that is the low limit or the high limit of what can be done, can be stopped without submitting the question to Congress.

I see nothing in any of the proposals to indicate that the submission of a request will be helpful in the operation of the act.

If some provision were proposed or if some language were written into the law to the effect that a proposal to spend a substantial amount of money would have to be submitted for authorization and approval, that would be different. But the Senate crossed that bridge last Friday. I would just as soon cross it again, but I do not see how the question can be raised from a parliamentary standpoint. Nevertheless, the Senate crossed the bridge. I do not see how it would accomplish anything for us to attempt something which would only add to the confusion and dissatisfaction which have already been created. My normal inclination would be to vote for anything which would substantially cause the Department to be accountable to Congress, but I do not believe that either this amendment or a combination of amendments would do it. As I have said, I believe the amendments, either individually or collectively, are in the nature of soothing sirup or a palliative. I do not believe they offer any particular benefit to the bill. I do not believe they will accomplish anything. I would support measures which restricted uninhibited action on the part of this agency, but I do not think these proposals do that. Any proposal which has 15, 20, or any other number of escape clauses in it will be ineffective. Generally, such proposals have been ineffective heretofore, with the exception of reorganization acts. There are some rather detailed provisions for consideration and action in them which are not contained in these amendments.

This proposal is only a sort of gesture, as I see it, toward a possible reporting to Congress, unless the President does not wish to report to Congress. In my judgment, that is no check at all. I simply think these amendments are futile.

There is a legal maxim to the effect that the law does not do a vain thing. I think the proposal encompassed in these amendments is a vain thing. I do not believe they accomplish any constructive purpose whatsoever, and I do not believe that any amendment or combination of amendments will have any beneficial effect. Certainly they do not, from my standpoint, and I am quite convinced that from the standpoint of an administration that does not wish to be hampered at all, the amendments are not only not constructive, but confusing, as well.

Mr. DIRKSEN. Mr. President, the Senator from Iowa used the expression "soothing sirup."

In the first place, I was in favor of the Byrd amendment. I was in favor of it when it first came to life. I am still in

favor of it, and I will vote for a 2-year limitation on this bill, or I will vote to convert it into a 3-year proposal, because I think that will improve it. But the work has been done. Last Friday, at 7 p.m., this deliberative body voted, and the vote was 39 to 56. I was one of the 39 who voted for the Byrd amendment; and it was a matter of frustration and regret, to me, that the Byrd amendment did not prevail. But by a majority of 17 votes, this body went on record as to how it felt about the Byrd amendment; and that is momentarily water over the dam. It can be cured in part by reducing the program from 5 years to 3 years or to 2 years. But what will be done in the interim period? What other improvements can be made in the bill?

The entire purpose in pursuing this measure has been to develop some kind of congressional scrutiny and oversight which would be effective. I say with all the earnestness at my command that the effectiveness and the scrutiny will be as good, but no better than, the devotion and dedication of the Senators who have some regard for the public purse and who will make some endeavor to see to it that a competent staff gets its teeth into the program.

Last Friday I pointed out the kind of literature the ICA gets up. They told about the demonstration potato project in Peru, but they said nothing about the normal school. They said nothing about the drought. They said nothing about the evident conflict of interest on the part of the director running the show or the regional director. They said only as much as they wanted to say to put their operations and activities in a good light.

I can say from my own experience that when we are arrayed around the table in the Appropriations Committee, when the agency representatives walk up they put on their best manner. And why not? If I were a bureaucrat, I would do the same thing; and then I would proceed to paint a picture that would show that my agency was doing a splendid job, and I would paint it in such glowing colors that there would be great allure about it—so much so that it would seem to be a completely perfect operation.

But that is not what happens. We who sit on the other side of the table then undertake, by dint of questions, to find out what the real situation is. But where do we get the questions? How do we manufacture them? We read, we clip, we probe, we assemble all the material we can obtain. But how woefully unprepared one is to take on such an operation and do a good job. He is like a prosecutor who has no witnesses on his side of the table. That is really difficult; and any lawyer can state what an unhappy experience it is to have to try a case when he has no witnesses who can testify. So that becomes the problem.

How will Senators get the information they will need, so they can probe and dig and bring the whole thing into the record? There is only one way they can get it. They must have a staff to enable them to do it.



But if the chairman of the committee is going to confess, here on the Senate floor, this afternoon, that he does not want to assemble or cannot assemble the proper number of persons with skill and competence, then of course I have nothing more to say about it.

I had no difficulty running one of those shows, over on the House side. I sent my man all summer and all fall into the Department of Agriculture. I said to the Secretary, "Give him an office and give him a secretary. And when he summons the head of the dairy industry division, the head of the animal industry division, or the head of the Bureau of Chemistry and Engineering into his office, I want some answers." We got the answers. I remember that on one occasion I got the head of an agency fired, and I got his information specialist suspended for 6 months, and one of them finally crawled out of the Government service. But only because we had someone sitting in the middle of the puddle could we get the information.

It has been one of the travesties of the Congress—both the House and the Senate—that we have failed adequately to provide ourselves with staffs. And to think that in this case more than \$8 billion of the people's money and credit is involved, and yet some say, "You cannot get a staff together; they will fall all over themselves."

Well, Mr. President, how rational are we going to be in discharging that kind of responsibility? If we cannot do it, we should go home.

But I am not going to make that kind of confession on the floor of the U.S. Senate. I have seen it done before, and done effectively. And if we do not want to confess our weakness publicly, then we had better get about the business of providing some real scrutiny, especially when nearly \$9 billion of the people's money is involved.

This is no time to talk about confusion. The job can be done. It is done in the business world, and it can be done in the Congress. If they want to assign the job to me, Mr. President, I am willing to undertake it, and to find the staff director and the competent staff members to do the work, and to send them down there, and then get some results when the time comes to pass upon the vast sums of money which will be under loan, under this measure.

Mr. JAVITS. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Illinois yield to the Senator from New York?

Mr. DIRKSEN. I yield.

Mr. JAVITS. I should like to ask a question or two of the Senator from Illinois. From his experience on the Appropriations Committee, can he point out some analogies? Incidentally, perhaps I can point out several. I think we should do so, in order to be sure of what we are advocating. I join the Senator from Illinois in advocating application of the general principle, and I hope we can agree on the terms.

Certainly there is nothing unusual in doing what he has described, and doing

it successfully. For example, to my knowledge, various proposals in regard to sales are submitted by the General Services Administration to some of the congressional committees. Second, some of the agencies of the Department of Defense, so I understand, receive appropriations in rather round sums; and before they spend their appropriations, they acquaint the Appropriations Committees with the details in those categories, and do not spend the money unless the Appropriations Committees evidence their approval. These are two examples I know about. Perhaps the Senator from Illinois knows of others. I believe it very important that some record be made of the fact that this is not an unusual effort in connection with the exercise of the power of the executive branch, for it has been done before, as we can show from actual experience.

Mr. DIRKSEN. I think one of the greatest jobs ever done for the U.S. Senate was done by the distinguished Senator from Arkansas [Mr. FULBRIGHT]. When he was a member of the Banking and Currency Committee, he was charged with the responsibility of investigating the Reconstruction Finance Corporation. Certain rumors—ugly and otherwise—had developed; and he was the chairman of the Banking and Currency Committee's subcommittee which made that investigation. It was one of the most thoroughgoing, orderly pieces of procedure I ever saw done in the U.S. Senate. There was no question as to whether he could find the necessary staff members. He found them. He made no noise about it. He went religiously to work, and plowed into the business. And when he got all through, the rafters were fairly shaken by the investigation he had made.

If such work could be done in that case—and he did it, and did it nobly—certainly it can be done just as well by other committees of the Congress, and particularly in view of the vast amount of money involved in this case.

Mr. JAVITS. Mr. President, will the Senator from Illinois yield further?

Mr. DIRKSEN. I yield.

Mr. JAVITS. I think the vote on Friday—which was gratifying to me, although I know it was not gratifying to the Senator from Illinois—was based in large part on the working out of some technique of this sort. So I believe it important that we work out such a technique. If what we propose is impractical or if it has some rough edges which need to be smoothed down, I am sure all that can be straightened out in conference. But the point is to have the Congress develop an effective application of the legislative oversight principle. And in connection with the attitude of Senators on this side of the aisle who opposed the Byrd amendment, I take it that there is a real commitment by us to take steps to start some such procedure in motion.

Though we may differ on the details, I do not think there is any question about the principle involved.

Like the Senator from Arkansas [Mr. FULBRIGHT], I shall not weep whether it is his perfecting amendment or the Saltonstall amendment or the Dirksen

amendment that is adopted. The important thing is that we agree on one of these amendments, and we will whittle down the rough edges in conference when we get to that.

Mr. BUSH. Mr. President, will the Senator yield, in light of what the Senator from New York has just said?

Mr. DIRKSEN. I yield.

Mr. BUSH. I should like to ask the Senator, in light of his own experience—and I hope the Senator from Arkansas will listen, too—whether it would not be a practical matter for the Foreign Relations Committee and the Appropriations Committee to work out a joint staff to deal with these oversight matters.

Mr. DIRKSEN. They could do that.

Mr. BUSH. And would it not be simpler and less expensive and probably result in getting a better staff together than if two staffs were established to do the same thing?

Mr. DIRKSEN. Exactly.

Mr. President, it has been suggested by both sides that, in connection with the amendment first suggested by the Senator from Connecticut, instead of \$1 million, the amount be increased to \$5 million. I have no objection. I do it reluctantly, but we must get off dead center.

The rest of the amendment is about as submitted. I would couple that suggestion, of course, with the earnest hope that when we get around to a 2-year or 3-year program, the Senate may still cut it from a 5-year program. But that is no condition for enlarging or changing this amendment. If it is desired to make the figure \$5 million, I am willing to change the amendment accordingly and let the rest of the language stand.

Mr. SALTONSTALL. Mr. President, as one of the Senators who is very much interested in this amendment, as I stated to the Senator from Arkansas, I hope the amendment of the Senator from Illinois will be adopted. So far as I am concerned, I shall vote for 3 years.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. For the information of the Senate, I either made myself clear or unclear some time ago; I am not quite certain which. I think there is some confusion about the combining of the amendments.

I am not sure what the parliamentary situation is, but for the information of the Senator from Illinois and other Senators, at the proper time I shall propose an amendment, along with other Senators, which I believe will accomplish something in view of the fact that we have already settled the question of back-door financing, or borrowing from the Treasury. That question was settled and nailed down, so there is no chance of reviving it.

I shall read the amendment. I have a copy of it here, if any Senator wishes to read it.

On page 8, lines 19 to 23, it is to strike out all of subsection (b) and insert in lieu thereof the following:



In carrying out the purposes of this title the President shall prepare annually and transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act, as amended (31 U.S.C. 847-848), and legislation shall be enacted authorizing such obligations and expenditures as may be necessary for carrying out such budget program or limiting the same in the event that the Congress shall find that unusual circumstances involving considerations of basic—

Or that word can be left out—national policy shall so require.

This amendment would not put it back into the appropriation process, but would put it into the annual prior-review process by Congress each year, authorizing proceeding with the program each year. It does not require the appropriation process.

From my standpoint, having opposed the borrowing provision, having been in favor of the Byrd amendment, and I am still in favor of it and the appropriation process, that question has been settled. We cannot, from a practical standpoint, go back or consider it. This proposal would be on the basis of annual review and annual consideration of these programs under the present situation as we have presently constructed it under the law.

I make that statement for the information to the Senate. I intend to propose this amendment, along with other Members of the Senate, at the appropriate time. I am trying to find out what the parliamentary situation is.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. CASE of South Dakota. The Senator from South Dakota is much interested in the amendment of the Senator from Iowa, which appears on the face of it to have one advantage over the present proposal. The Senator from Iowa has said his proposal would require legislation annually, and it would be an act of legislation which would authorize the project. Is that correct?

Mr. HICKENLOOPER. That is correct. The legislation would authorize the use of this money under the borrowing authority. Congress would be passing on the programs for each year.

Mr. CASE of South Dakota. And it would be a legislative act.

Mr. HICKENLOOPER. It would be a legislative act.

Mr. CASE of South Dakota. I ask the Senator from Iowa, who is a lawyer, and I am not, if the Senator from Iowa thinks a concurrent resolution can be considered to terminate an authorization act of the Congress. I raise that question in all seriousness because when concurrent resolutions have been submitted before for reference to committees for approval in connection with military proposals, the former administration and a former Attorney General have taken the position that the refusal of committees of Congress raised a constitutional question, and the administration very firmly resisted enactment in the military construction authorization bills of resolutions that made the authorization subject to approval by the Armed Services Committee. The Senator from

South Dakota served on the Military Construction Subcommittee which dealt with this question. So far as I could tell, what we were doing was legal, but we ran into that situation, and in two or three instances Congress modified the military authorization bill to avoid that constitutional question.

Mr. HICKENLOOPER. In answer to the question whether a concurrent resolution, as provided in this proposal, would terminate an act of Congress, I am frank to say I do not know, and I do not know of anybody who does know. The question whether or not it would I do not think has been tested in court. There is very strong argument on both sides of the question. One could make a compelling argument that it cannot. One can also make an argument it can. That would have to be settled by some court.

I invite to the attention of the Senate the fact that Congress in writing legislation can, without doubt in my mind, provide that the legislation shall terminate at such and such a date in the future. In writing legislation, Congress can write a termination date. I think a strong argument can be made that if Congress can do so, Congress can say in the legislation that some other method of termination may come into effect at a later date, which would include passage of a concurrent resolution. I think there is a very strong argument to be made along that line.

Mr. CASE of South Dakota. The Senator from South Dakota endeavored to make that argument in discussing the problem with representatives of the administration previously. While the Senator from South Dakota thought it was a fairly good argument, he was never able to persuade them.

I think, on the face of the proposal, a suggestion that a concurrent resolution can repeal a legislation act raises serious constitutional questions.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I am happy to yield.

Mr. SALTONSTALL. Do I correctly understand the proposal of the Senator from Iowa to require affirmative legislation? The Senator would strike out section 104 and would leave in sections 102 and 103 of the Government Corporation Control Act. At the present time, under section 104, the budgets for Government corporations for the next year go before the Appropriations Committee. No appropriation is required except for administrative purposes.

For instance, in the bill now before us, the administrative expenses for 1962 are set at \$51 million.

Do I correctly understand that the Senator's proposal would require affirmative legislation, which would mean that Congress must affirmatively approve the budget by a legislative act? At the present time Congress does not do anything other than to approve the administrative expenses.

Mr. HICKENLOOPER. It is my understanding that each year the budget program would have to be submitted to the Congress, and the Congress would have to approve it by affirmative act.

Mr. SALTONSTALL. Does that mean the Congress would go into detail as to the purpose for which the money was to be used?

Mr. HICKENLOOPER. I should think Congress would go into detail as to items and programs and all the rest of the detailed specifications which normally go with that kind of submission.

Mr. SALTONSTALL. At the present time, as the Senator knows, under the Government Corporation Control Act, there is no such showing.

I can show the Senator reports like those for the Export-Import Bank. There is an authorization of so much money—we will say \$100 million—and then proposed expenditures for loans of so many million dollars, for other purposes of so many million dollars, and for administrative purposes of so many million dollars.

Mr. HICKENLOOPER. Yes.

Mr. SALTONSTALL. The administrative expenses have to be provided by appropriation each year, but the other expenditures do not. There is, therefore, no money for those purposes appropriated by the Appropriations Committee.

If the proposal of the Senator from Iowa is agreed to, is it the Senator's idea that the budget would go before the Committee on Foreign Relations, for instance, which has the best knowledge of the subject?

Mr. HICKENLOOPER. Yes. I should think it would go before the Committee on Foreign Relations, because it is in the nature of an authorizing proposal and not an appropriating proposal.

The Senator will notice the language provides:

And legislation shall be enacted authorizing such obligations and expenditures as may be necessary for carrying out such budget program or limiting the same in the event that the Congress shall find that unusual circumstances involving considerations of basic national policy shall so require.

Mr. SALTONSTALL. If this went before the Committee on Foreign Relations for an authorization of, let us say, a loan to country A, country B, country C, and country D—4 or 5 or 6 or 7 or 10 loans—there would be no money necessary to be appropriated?

Mr. HICKENLOOPER. The money has already been appropriated.

Mr. SALTONSTALL. That is correct.

Mr. HICKENLOOPER. The money has been, in effect, appropriated because we authorize the borrowing of money out of the Treasury.

Mr. SALTONSTALL. That is right, except for administrative expenses.

Mr. HICKENLOOPER. The Senator is correct.

Mr. SALTONSTALL. If the Committee on Foreign Relations authorized various loans, then the bill would have to go before the Appropriations Committee for administrative expenditures; is that correct? The Foreign Relations Committee could not appropriate money?

Mr. HICKENLOOPER. The Foreign Relations Committee could not appropriate money, but I believe that the administrative expenses would be taken care of otherwise by the Appropriations



Committee, for the general administrative operation of the program.

Mr. SALTONSTALL. That is done now under section 104. As I understand the proposal of the Senator, he would strike out section 104. That is why I asked the question.

At the present time Congress appropriates for administrative expenses. Congress can stop the action of a Government corporation simply by saying, "No, we will not appropriate any administrative expenses." Of course, that is a backdoor way of stopping a program.

Mr. HICKENLOOPER. I would not wish to throw any roadblocks into the administrative expenses operation. I am sorry I cannot give the Senator a clear-cut answer at this moment. I talk about this amendment only for information. I am trying to learn when will be a proper time to make the offer.

Mr. SALTONSTALL. If I correctly understand the Senator's interpretation of the bill, really we would authorize the loans but would not put them through the Appropriations Committee. Is that the substance of it?

Mr. HICKENLOOPER. I do not think we can.

Mr. CASE of South Dakota. We have already passed by the committee.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. FULBRIGHT. I do not believe the Senator is correct in saying that this would go to the Committee on Foreign Relations. I think all of this would go to the Appropriations Committee, following the procedure of the Government Corporation Control Act.

What the proposal would do is to specify more precisely the language which has been accused of being equivocal in section 104 of the Government Corporation Control Act. I think the Senator from Iowa has made a very good suggestion. I believe it would obviate the necessity for the other special subcommittees.

I remind the Senate that we tried these watchdog committees 3 or 4 years. They did not really produce anything. They spent quite a lot of money. We ended up by turning the whole thing over to the Committee on Government Operations in 1955. The authority to do this is now in the Committee on Government Operations.

Now we are asked to repeat the same thing we did beginning in 1948. There were terrible quarrels between the two Houses, and the final reports did not amount to anything. I have a memorandum which has been prepared by the staff on the history of the so-called watchdog or oversight committees. We finally turned all of this over to the Committee on Government Operations, which has a big staff and authority to do all this investigation.

What the Senator from Iowa is proposing, really, is to spell out and to make very precise what I and others have contended, that the Committee on Appropriations would not lose control and would not be bypassed. These things will go to the committee. The committee can examine them. If the committee decides it wishes to limit the program

and if the Congress supports the committee, that can be done.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. The reason I said this would probably go to the Committee on Foreign Relations is that it is in the nature of an authorization. If it should go to the Appropriations Committee, that is perfectly satisfactory to me. I am not quarreling with that idea.

The Senator from Massachusetts [Mr. SALTONSTALL] has asked me to yield in order that he may discuss this particular question with the chairman of the Committee on Foreign Relations, and then I shall yield to the Senator from Vermont [Mr. AIKEN].

Mr. SALTONSTALL. What I wished to say to the distinguished Senator from Arkansas is that to take the interpretation he has just given would leave us right at the place we were when we started; that is, it would require a two-thirds vote to change the law and to cut down or to extend any of the loans which might be presented to the Committee on Appropriations, because there is no money appropriated.

If there is no money appropriated, therefore such action would be legislation on an appropriation bill.

Mr. FULBRIGHT. But this is an authorization. It strikes me that is what would be provided. I think it would go to the Appropriations Committee.

Mr. HICKENLOOPER. The reason I thought it would probably go to the Committee on Foreign Relations is that it is an authorization process.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Vermont.

Mr. AIKEN. I think I can help out in the discussion. I believe this would go to the Appropriations Committee, because what the Senator from Iowa is proposing is the same method and procedure used in the case of the Panama Canal Company, the Export-Import Bank, the Commodity Credit Corporation, and possibly other groups which are financed by the so-called back-door or Treasury borrowing method.

Mr. FULBRIGHT. It is not back-door; it is front door.

Mr. AIKEN. If we adopt the amendment it would at least be a side door. Possibly we could call it the front door.

Mr. FULBRIGHT. I think it is the same.

Mr. AIKEN. It is the same procedure as is used now.

Mr. FULBRIGHT. I think that is what is to be provided. The use of the word "authorizing" does lead to something. I had assumed all the time that it would go to the Appropriations Committee.

Mr. ALLOTT. Mr. President, I have just received a copy of what I believe is a combination of the proposed amendments which are at the desk. Of course, I shall support them as I would support the amendment of the Senator from Iowa [Mr. HICKENLOOPER], depending upon the order in which they are submitted to the Senate.

The discussion today brings out the point which I tried to make clearly and

forcefully last week. That is, Congress has abandoned its legislative responsibilities to the executive branch of the Government by failing to adopt the Byrd amendment. So far as the pending bill is concerned the Byrd amendment has gone down the drain. But the reason for all the flurry today is the fact that many Senators realize that they have abandoned their legislative responsibility, and that when they get home they will have to tell their constituents why they said to the President, "You can take \$8 billion out of the Treasury by the back door—money that we shall have to pay interest on—without any accounting to Congress of any substantial amounts or in any substantial degree."

I believe such action defies the Constitution. If anyone would ever take the trouble to litigate the question, I think we might find the Supreme Court, in one of its rare bursts of wisdom, declaring the act unconstitutional. Of course, it would be a rare occasion, but it might happen.

Those of us who supported the Byrd amendment now find ourselves in the position which I face—namely, of urging passage and voting for amendments that otherwise we might not necessarily favor under normal circumstances. They are offered only in perhaps an inadequate effort to recapture some of the legislative power that Congress threw in the lap of the President last Friday.

A while ago the Senator from Illinois [Mr. DIRKSEN] spoke to the point that it was almost impossible for a member of the Committee on Appropriations to find out what was going on. That is true. I saw the senior Senator from Washington in the Chamber a few moments ago. The Subcommittee on Independent Agencies, of which I have the honor of being the ranking minority member, reported last week a bill to appropriate approximately \$9 billion. Although the independent agencies for which the U.S. Senate appropriated \$9 billion, number 15 or 16, there is only 1 staff member on the Senate Committee on Appropriations to advise the subcommittee and the Committee on Appropriations regarding these 16 separate agencies.

The Senator from Illinois has put his finger right on the point. How do we question the agencies intelligently when we have before us no detailed outline of their activities? The answer is obvious. We cannot do it. We do the best we can. However, with one staff member it is impossible to do an effective piece of work. I do not believe the work could be done with staff of less than 5 to 10.

If we, as Senators, do not provide ourselves with proper staffs, in effect, we shall be surrendering even more of our power. Why? Because bureaucrats come to us and, in the most glowing terms, seek to substantiate their justifications. They tell us of all the fine things we have done. Who do we have with the necessary time and ability to go through their affairs to find out where their weak spots are? As much as any department or area of Government we should be fully informed on the activities of the State Department, ICA, the



Development Loan Fund and all its foreign loans, together with all the rest of the activities that we have before us.

I do not know what commitments were made in the name of the United States yesterday and the day before and the day before that in Latin America, nor does any other Senator know what commitments were made. But I know that every Senator was sent to Washington by his constituents with the idea that when he got here, the proper committee of the Senate would authorize appropriations, and that the Appropriations Committee would recommend the appropriations.

So we may have a great issue for the future guidance of this country, namely, whether or not we shall abjectly surrender again and again and again our legislative responsibilities, as we have done in the past. Or will the Congress pick up the reins in its right hand, and with a strong right arm, again say, "This is what we were sent here to do."

The responsibility is ours, and we intend to assume it.

This issue looms as one of the largest issues in the United States, if not the largest. I refer to the survival of the kind and type of government that our forefathers established and which, thank God, up to this moment no one has repealed. But if we keep going the way we have been, there will not be any necessity for repeal, because we shall have repealed ourselves. Congress will have repealed itself out of all its power.

The question has been raised this afternoon as to the reduction of the time of the program. I wish the chairman of the Senate Committee on Foreign Relations to hear this statement. I feel that if we are to have a foreign-aid program, it must be planned in advance. I have never been opposed to this feature, but I do not believe that we should appropriate with a free hand 5 years in advance. The reduction to a 1-year program or to a 2-year program is not the answer. I believe the answer is that Congress retain as much control as possible over expenditures and appropriations.

Other bills now before the Senate attempt to surrender even more of the legislative power of Congress. By adopting the technique of negative veto under the Administrative Procedures Act, as opposed to the reorganization Acts. If we surrender to the executive branch and the bureaucrats our responsibility and power, and it is not meaningful to retrieve it only when we have found out that they have erred, for we shall have surrendered our power, our privilege, and our duty to legislate.

I do not know of anyone in the Senate who said this in a clearer way than the former senior Senator from Wyoming—and I refer, of course, to our good friend, Joe O'Mahoney.

Last year, with respect to the wilderness bill, he described in very forceful language both in committee and on the floor of the Senate just exactly how much Congress had surrendered its legislative responsibility.

I do not believe the answer lies in shortening the time for planning. I be-

lieve the answer is to clip the wings of the bureaucrats. Whether we want to admit it or not, over the last 20 years Congress has created a bureaucratic monstrosity which is going to devour the Government unless Congress picks up the reins and jerks them tight and keeps them tight in the coming years.

Reducing the program is not the answer. I wanted to make these remarks because as strongly as I felt about the Byrd amendment—and I still do—I shall vote for one or more of these subsequent amendments as they are brought onto the floor of the Senate, but I want my position to be clear that I do not regard them in any sense as a real substitute for the obligations of the Senate which we abrogated and let go down the river last week.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ALLOTT. I am glad to yield to the Senator from Iowa.

Mr. HICKENLOOPER. The amendment we have been talking about, which I propose to offer, I do not consider to be as good as the Byrd amendment, but I do consider it going a long way toward that end, because it requires affirmative legislation each year in order to carry out these programs. While it does not require appropriations—and there is no use to put that language in the amendment, because that bridge was crossed with the defeat of the Byrd amendment, and we might as well be realistic—

Mr. ALLOTT. The Senator is correct.

Mr. HICKENLOOPER. The amendment which I propose does keep the matter as much in the hands of Congress as possible, by requiring affirmative legislation each year for the carrying out of the budget and for the carrying out of the programs which are proposed.

Mr. ALLOTT. I believe the Senator was talking with other Senators when I indicated I was happy to support his amendment. I believe that, of the pending amendments, his is the strongest of any, because it requires affirmative legislation, and requires going before the Foreign Relations Committee, I presume.

Mr. HICKENLOOPER. It would be either the Appropriations Committee or the Foreign Relations Committee. That situation is a little unclear, as to which committee it would go, but I would assume it would be either the Foreign Relations Committee or the Appropriations Committee. It would be one of the two.

Mr. ALLOTT. In that respect it is a great improvement. The Senator from Iowa is to be complimented upon presenting such an amendment. It points up the necessity for keeping in the hands of Congress the reins which properly belong there.

Mr. COOPER. Mr. President, I should like to ask a question of the Senator from Iowa.

Mr. ALLOTT. Since I have concluded my remarks, I am willing to yield the floor.

Mr. DWORSHAK. Mr. President, before the Senator yields the floor, will he yield for a question?

Mr. ALLOTT. I yield.

Mr. DWORSHAK. Serving on the Appropriations Committee with the Senator from Colorado, I share his concern about the complete surrender of the constitutional responsibilities of the legislative branch to pass upon appropriations to be used by the executive department.

I should like to admonish the Senator from Colorado that probably he should be more specific in his criticism and in his condemnation of the legislative branch for the abject surrender of its responsibility to the executive department. I am sure the Senator knows that on many occasions in the past, when we have been confronted by a serious challenge, such as now faces the Congress, the other body, with probably more courage, has been willing to face these tests, and has frequently prevented this surrender and this delegation of power by Congress.

Will the Senator from Colorado agree with me that that has been the legislative history, namely, that while the Senate with little reluctance has frequently taken a position which is indefensible, on the other side of the Capitol is a body composed of men who have character, consideration, and a more wholesome respect for the duties which they have assumed as Members of the House of Representatives?

Mr. ALLOTT. I would answer that question this way: I certainly feel that in many instances the other body has shown a very great sense of their responsibilities and their duties which brought them here. They are to be commended for it, of course. On the other hand I do not believe the Senate displayed such responsibility last week.

Mr. COOPER. Mr. President, I would like to ask the Senator from Iowa some questions. They will be predicated on the issue which the Senator raises. I wonder if the Senator would explain the distinction between his amendment and the Byrd amendment. I should like to give some background for my questions. Last Friday the Senate voted against the Byrd amendment. Among the issues then there was the issue whether we wanted to make funds available by yearly appropriations or by Treasury borrowing. As I understand the Senator's amendment, it would permit Treasury borrowing.

The second issue that was at stake was whether we could have a more effective foreign-aid program by assuring the availability of the program over a period of 5 years. As I understand the Senator's amendment, it would have one of these consequences. There would be no assurance of funds available over a period of 5 years, and each year the appropriate committee would have to take action to make funds available for the ensuing year. Is that correct?

Mr. HICKENLOOPER. I do not quite view it that way.

Mr. COOPER. I am asking the Senator to explain the distinction.

Mr. HICKENLOOPER. If the bill as now written and before the Senate is passed, I believe the borrowing authority for 5 years has been set up in the bill,



with so much provided for each year. That has been set up already. My amendment does not prohibit necessarily the borrowing, but it provides that the budget program shall be submitted each year, and there shall be affirmative legislation passed permitting the obligating of the funds and the expenditure of those funds under the budget program. Some might say that here is a distinction without a difference. However, I believe there is a difference. It is not necessary to go through the appropriating process. The budget and a series of proposals and a program will be submitted. It all will be open to view. The committee can say, "We do not like any part of it." They could work out a program then that is more acceptable. It does require, however, legislation each year authorizing the expenditure of funds which they are already permitted to borrow.

Mr. COOPER. I would also like to ask the Senator from Arkansas [Mr. FULBRIGHT] to listen to me for a moment. I know the different views in the Senate about this matter. I supported the committee provisions because I believed it was the only way to get an effective foreign-aid program, and to get the best use of our funds. That was my view about my responsibility. Others saw a responsibility to keep it in the Appropriations Committee.

As I understand the provisions which were adopted, the continuity of 5 years is protected, and also the availability of the funds is protected over 5 years, but Congress does not have to take any action. However, under the Senator's amendment, Congress would have to take action every year before the funds could be made available.

I ask the Senator from Arkansas, Would that destroy the important issue upon which we debated and worked so long last week? Would that destroy the assurance of funds, which the administration says it ought to have, which President Eisenhower at one time said his administration ought to have, and which the Senate last Friday said the administration ought to have?

Mr. FULBRIGHT. In my earlier remarks, especially in an exchange with the Senator from Florida and the Senator from Louisiana, I said I thought the main difference was that the money is available under the borrowing authority, but that its use will still require review by the Committees on Appropriations; and it is presumed, both by their former actions and, I believe, by the provisions of the Government Corporation Control Act, of which this is a form of interpretation, the budget will be approved, unless there is some affirmative and very important reason for changing it. It would be rather a shifting of the burden of initiative, if it is proposed to change it. I think this is an important difference. It is quite different to come to this body and having the authority, and carry forward the burden of appropriating. Then it is the responsibility of the Committees on Appropriations together with the whole Congress. Of course, the Committees on Appropriations would not have the sole authority, but it means that the question must be considered by the en-

tire Congress. It is very important. There is no intention of trying to short-circuit Congress or the committees. We have no intention of saving, "If you accept our provision, no longer will you have the opportunity to look at it." I have said that time and again.

I think the sponsors of the Byrd amendment did not understand what we were trying to do. We were not trying to exclude them from the right to consider the proposal and approve it. I think if the spirit of this amendment or of the Government Corporation Control Act is followed, it will mean that no action will be taken except for affirmative and important reasons, to alter the budget as submitted. It does not affect anything except the Development Loan Fund.

The question has been raised about the veto power. There is no provision now for item vetoes. This fund amounts to only 25 percent of the total program. It would be an extreme case in which the President might veto the entire bill because of some relatively minor changes needed in this aspect of the program.

If Congress undertook to repeal the whole program, then there might be a possibility of a veto, and that question would have to be settled according to the usual process. However, I believe this method insures to a very great extent the continuity of the program. I believe the administrators could live with it. I try to make that plain, but many Senators did not agree that that was the correct interpretation. However, I was very much pleased when the Senate as a whole agreed to it.

The original bill, as reported by the committee, specifically makes the program subject to the Government Corporation Control Act. The provision offered by the Senator from Iowa [Mr. HICKENLOOPER] is an interpretation of that act, as to how it works, and is drawn out in so many words. He really sets forth, in language very similar to what I have stated, what will be the effect of the Government Corporation Control Act.

Mr. COOPER. Would this be the distinction in the action of Congress. In the committee provision, the funds would remain available unless Congress decided to take affirmative action.

Mr. FULBRIGHT. That is correct.

Mr. COOPER. There is no provision in the proposed legislation that Congress must take affirmative action before the funds will be available. That is my understanding of the committee amendment. The proposal of the Senator from Iowa would require congressional action before the funds could be made available.

Mr. FULBRIGHT. The funds would be available, but without affirmative action. For example, I do not see how anything could be done with the administrative funds. They would be there, but they could not be used.

Mr. COOPER. Is it the interpretation of the Senator from Arkansas that under the committee bill and under the provision on which the Senate voted last Friday, funds would not be available unless each year Congress acted affirmatively to make them available?

Mr. FULBRIGHT. The Senator's use of the word "available" is perhaps at-

tributing a different meaning to the word. The right to borrow would continue until the authority was rescinded; but as a practical matter, I do not see how the funds could be used without affirmative action by Congress. There is a difference between voting for an authorization and voting to appropriate what has been authorized. I think that is an important difference.

Mr. COOPER. I have listened to the explanation and have wondered if this concept of continuity and availability would be nullified.

Mr. FULBRIGHT. I do not believe it would be nullified; no.

Mr. COOPER. I am glad to have the Senator's opinion. I must say that at least this is a straightforward approach, in which the responsibility of Congress is precisely clear. I think the other amendments are wholly wrong, because they mean that Congress is trying to operate the foreign aid program in every single project.

Mr. FULBRIGHT. I agree.

Mr. President, I understand approximately 25 more amendments have been offered. I hope the Senate may conclude its action on this bill some time. I would be willing, if it meets with the approval of the Senate, to withdraw my proposed perfecting amendment. It is obvious that Senators with whom I discussed it earlier have now rejected it. It is not acceptable, and the Senate has now shifted to the consideration of two or three other proposals.

I would be willing to withdraw my perfecting amendment and allow other amendments to be offered as perfecting amendments. Perhaps the Senator from Massachusetts might wish to withdraw his, as well, and let the other amendments be voted on. I hope we may get some kind of vote on the question.

Mr. KEATING. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. KEATING. Does the Senator from Arkansas believe that the amendment offered by the Senator from Iowa adds anything to the existing way in which the Government Corporation Control Act is used?

Mr. FULBRIGHT. I think it spells it out in detail as a part of the legislation in the bill. There was some doubt because of the vagueness of section 104 of the Government Corporation Control Act. I think the provision offered by the Senator from Iowa removes any doubt and makes very plain what is meant.

Mr. KEATING. I read from a memorandum prepared, as I understand, by the Committee on Foreign Relations, entitled "Annual Review of Development Lending Program by Appropriations Committee." I read two sentences:

Ever since the enactment of the Control Act, it has been the consistent practice of the executive branch to lay before the Congress annually budget programs for all corporations or agencies covered by the budget provisions of the Control Act, which has included appropriate information on the programs and financial transactions contemplated. Moreover, it has been the consistent practice of the Congress to review such budget programs and to include in appropriation acts specific language authoriz-



ing the conduct of programs for the ensuing fiscal year and provide limitations where Congress has so decided.

That is what is incorporated in the amendment offered by the distinguished Senator from Iowa. It adds absolutely nothing, as I read it, to what is the present practice concerning the operations of the Government Corporation Control Act.

Mr. FULBRIGHT. I have said to the Senate not less than a dozen times that I believe there are ample provisions for review and control in the law as it stands. I am not proposing any of these amendments. I believe the authority is in the bill; but the amendment of the Senator from Iowa spells it out and leaves no doubt about how it would be applied and what it will do. It seems to me it is amply plain for the protection of the rights of the Committees on Appropriations and of Congress.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. Under the amendment of the Senator from Iowa, there would be a complete legislative program on the Development Loan Fund every year. Is not that true?

Mr. FULBRIGHT. Not complete, because they do not have to request the appropriations. There is a difference between requesting the appropriations and what the budget presents as to the amount of money they may borrow. I think there is a difference.

Mr. BUSH. In that respect there is a difference.

Mr. FULBRIGHT. And it is an important difference.

Mr. BUSH. But the fact is that under the amendment of the Senator from Iowa the committee will have to go through the scrutiny process and bring to the Senate a bill for the Senate to act on. But under the amendment the committee has reluctantly accepted, that will not be necessary.

Mr. FULBRIGHT. But there still will be an annual bill carrying all the features of this bill, plus the budget pertaining to the Development Loan Fund which will be submitted.

Mr. BUSH. I was speaking of the Development Loan Fund. The amendment was directed to it.

Mr. FULBRIGHT. There will still be a budget of the Development Loan Fund, prepared and submitted to the Appropriations Committees.

Mr. SALTONSTALL. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. We have been having a conference, outside the Chamber, with the clerk of the Foreign Relations Committee and the clerk of the Appropriations Committee. As I understand, under the Government Corporation Control Act, if the Congress does nothing, a corporation can still go forward and spend its money. And in one case that was done, presumably because it was overlooked. The only thing the Appropriations Committee has to do is handle the appropriations for the administrative expenses.

Mr. FULBRIGHT. Yes.

Mr. SALTONSTALL. In the amendment of the Senator from Iowa [Mr. HICKENLOOPER] we find the following:

In carrying out the purpose of this title the President shall prepare annually and transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act, as amended (31 U.S.C. 847-848), and legislation shall be enacted—

And then the word "authorizing" was changed to the word "permitting"—permitting such obligations and expenditures as may be necessary for carrying out such budget program or limiting the same in the event that the Congress shall find that unusual circumstances involving considerations of national policy so require.

My question is this: Assuming that the Appropriations Committees and the Congress did nothing, would this Government corporation still be able to make the loans? As I interpret this language, it is a new section for section 104. And, as the Senator from Connecticut was stating when I entered the Chamber, it will require affirmative action and an affirmative report by the Appropriations Committee, in connection with the provisions of this measure, and such legislation would not be subject to the rule in regard to legislation on an appropriation bill. The agency would have to come forward and make its presentation. If it did not and if Congress did not take any action, the Development Loan Fund could not go forward.

Mr. FULBRIGHT. As a practical matter, I think that is the present situation, and that is what I thought when I spoke the other day in regard to application of the Government Corporation Control Act. I cannot conceive that they would sit there and do nothing. Congress would certainly have to authorize the administrative action. If by chance they ignored, let us say, making any mention of the proposed use of the money, but authorized everything else, it is possible that the agency could go ahead and do it. But I do not think it at all probable. I think they would either say, "This is bad, and we wish to limit it," or they would approve it. But I do not know that anything of that sort has ever happened under the Government Corporation Control Act.

Mr. SALTONSTALL. But in this instance the Development Loan Fund could not make a loan under this suggested amendment without having Congress first take action in connection with the necessary appropriations.

Mr. FULBRIGHT. I thought so, but that does not mean they would have to go through the process of appropriating the money.

Mr. SALTONSTALL. No, but it would mean that they would have to recommend to the Senate and to the House such legislation, and it would have to be enacted.

Mr. FULBRIGHT. They would approve the budget.

Mr. SALTONSTALL. Or change it. Mr. FULBRIGHT. Yes, and approve it as then changed.

Mr. SALTONSTALL. Yes. But it would have to be affirmatively acted on.

Mr. FULBRIGHT. That is my impression; and, as I recall, I said that the other day, before this amendment was offered. In other words, I do not think the committee tried, in acting on the original bill, without this amendment, to short circuit or relieve this program from examination. That is what I said in my first speech in opposition to the Byrd amendment. I do not think it ever was intended, or would operate to short circuit and remove all control by the Appropriations Committees of the Congress from this program. I do not think that was intended, and I do not think it would be proper to do it. But we disagree as to what the effect would be.

Mr. CASE of South Dakota. Mr. President, I have my reservations in regard to the bill as a whole, but I recognize that the Senate has acted on the Byrd amendment. So, unless the Senate were to adopt some amendment which would change the present state of the bill, I accept it as an accomplished fact that the defeat of the Byrd amendment has provided for the financing for the Development Loan Fund.

I think the Senator from Arkansas is eminently correct when he says that even under the amendment suggested by the Senator from Iowa it would not be necessary to go to the Appropriations Committee to fund the program.

What is proposed by the amendment of the Senator from Iowa is that each year the program expected to be accomplished would be brought before the Congress, and affirmative legislation would be required in order to use some of the money provided by the financing plan already tentatively approved.

The reason why I raised the question of the competence of the concurrent resolution to defeat the authorizations which would be carried by this act—

Mr. LAUSCHE. Mr. President, will the Senator from South Dakota yield, before he proceeds to discuss the effect of the concurrent resolution? I should like to ask a question.

Mr. CASE of South Dakota. I am glad to yield.

Mr. LAUSCHE. If the bill with its 5-year provisions constitutes an authorization for the expenditures, and if that authorization is understood to last for 5 years, and if no appropriation—that is, assigning the funds and earmarking them for this use—is necessary, what will be the character of the new creature that is called a permission to use the funds? What is the difference between authorization to use them—as given in the bill—and permission to use them, supposedly given annually?

Mr. CASE of South Dakota. I should like to answer that question as directly as I can.

First, let me say that under the provisions of the Government Corporation Control Act, it has traditionally been regarded as within the competence of the Appropriations Committee to place a limitation upon the administrative funds; and if the Appropriations Committee, when hearing proposals for the program of a Government corporation, did not like some part of the program,



it has been customary—or at least it has been done—to provide, “No part of the administrative funds for this agency shall be used to process this program.” In that way Congress has heretofore exercised some control over authorized programs—by denying use of the administrative funds which are appropriated on an annual basis.

With respect to the direct question asked by the Senator from Ohio, who wishes to know what would be the status of the permission, let me say the status of the permission, as suggested by the amendment of the Senator from Iowa, as I would interpret it, is that it would require affirmative legislation to carry on a particular program. It would not require affirmative legislation to get the money with which to do it, for the money would be placed on the shelf or would be set up, so to speak, within the Treasury Department, under the language carried in the bill, since the Byrd amendment was rejected. The money would be set apart or earmarked within the control of the Secretary of the Treasury. So the money would be available. It would be like saying that one has money in the bank, but before he can spend it the program on which he proposes to spend it will require annual affirmative legislation.

Mr. LAUSCHE. I think that is a fairly well thought out answer. However, I have one difficulty in differentiating between the use of the word “authorization” and the use of the word “permission.”

In the past, the only way a termination could be made of this long-standing authorization was by denying the right to use administrative funds in processing the program. That was an indirect method. But I think it is admitted that in this instance there will be a 5-year authorization to borrow from the Treasury, and that authorization in itself constitutes an appropriation, an assignment of funds.

I wish there were unanimity of opinion that the word “permission” would mean that, though the funds have been authorized, and though they have been assigned and earmarked, each year before they can be used a new permission will have to be granted, and if it is granted, by whom it will be granted.

Mr. FULBRIGHT. Mr. President, if the Senator will yield, I think perhaps the paragraph in the existing Appropriation Act, which is to be found on page 81 of the document on legislation on foreign relations, December 1960, should be read. Here is what the paragraph says in this connection:

The Development Loan Fund is hereby authorized to make such expenditures within the limits of funds available to it, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided in section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation, except as hereinafter provided:

Then the next paragraph reads:

DEVELOPMENT LOAN FUND

For advances to the Development Loan Fund as authorized by section 203, \$550 million, to remain available until expended.

The next paragraph is:

LIMITATION ON ADMINISTRATIVE EXPENSES,  
DEVELOPMENT LOAN FUND

Not to exceed \$1,800,000 of the funds of the Development Loan Fund shall be available during the current fiscal year for administrative expenses of the Fund covering the categories set forth in the current fiscal year budget estimates for such expenses.

The next is on “General provisions.”

It is my impression that in the coming year a paragraph very similar to, if not exactly like, the first one will be included in the Appropriation Act. But the next one, which reads “For advances to the Development Loan Fund as authorized by section 203, \$550 million to remain available until expended,” is not necessary because they have the authority to borrow up to the amount authorized; but the administrative expense of the budget as submitted will be approved in language very similar as this.

There is a big difference between having an amount of money available through borrowing and fighting for an appropriation each year. Everybody will recognize that there is a significant difference.

Mr. CASE of South Dakota. Perhaps it may be a simple analogy—and it may be an oversimplification—that in private business the board of directors of a corporation, or whatever it might be within its chartered powers, might have a bond issue, and the corporation might sell the bonds and place the money on deposit and have the moneys available for expenditure, but the corporation's directors might do exactly what the Senator from Iowa is suggesting here—before the money was spent, each year the plan for the year would be set before the board of directors and the board of directors would have to approve it before there could be an authorization to spend the funds authorized.

Mr. LAUSCHE. If the Senate decided to adopt the proposal, to what committee would this item go? Would it go to the Foreign Relations Committee?

Mr. CASE of South Dakota. The Senator from South Dakota is a little inclined to think it might. I think it would depend somewhat on the contents of the bill. If it were purely authorization in character, it might go to the Foreign Relations Committee. We had a somewhat similar situation in connection with Government-owned corporations that had some funds, but did not have carte blanche power to expend those funds. I think there was a program which required approval legislatively.

Mr. LAUSCHE. As I understand, if we pass the bill as it is written now, we authorize borrowing from the Treasury for a period of 5 years in the amount stipulated, and that authorization carries within itself also an assignment, an earmarking, of the funds for this purpose. The authorization is given, and the assignment of the money made. But under the amendment of the Senator from Iowa, each year there would be required another authorization, which in this amendment has been labeled as a “permission.” I cannot differentiate the word “permission” from the word “authorization,” except that it has been chosen to escape the involvement that

one finds himself in when he realizes that the authorization is given in the bill and that another authorization is required later.

Mr. CASE of South Dakota. Perhaps—and this again may be an oversimplification—this example may be cited. Let us assume there is a college corporation, which establishes a loan fund for students. It may get the money for the fund by private contribution or from some other sources. But the money received for the college loan fund goes into a separate account for making loans to students. It would be possible, in setting up that fund, merely to provide that the college president could make the funds indiscriminately, once he got the money. Or the college board could say, “Each year before you grant these loans, you will have to have a committee of the board of directors or of the faculty sit down and specifically recommend the precise loans which are to be made.”

It seems to me, under the bill as it presently stands, the authority would rest with the President to make the loans indiscriminately, within the general framework of the legislation. While the loan funds have already been provided, the Senator from Iowa is suggesting that before the President makes the loans—to specific countries, he shall submit the program to the Congress, and the Congress shall affirmatively approve the specific countries that would get the loans.

Mr. LAUSCHE. I wish the Senator from Arkansas would listen to this question.

If the amendment of the Senator from Iowa is adopted, what will be the difference between it and the proposal made by the Senator from Virginia, that the Appropriations Committee, as well as the Senate and the entire Congress, be consulted each year? What is the difference between that and the proposal to go to the Appropriations Committee and the Congress each year to get permission?

Mr. FULBRIGHT. I do not know that I can make the situation any plainer than it is. We have approved the authorization to borrow money from the Treasury. I do not think the money will be set aside in a special little box. That is an authority.

Mr. CASE of South Dakota. It may be, but does not the Senator agree that the money could not be used for any other purpose?

Mr. FULBRIGHT. I think there is merely a right to draw on the Treasury. If the President needs a billion dollars for an operation, he does not have to draw it all. It will not all be set aside. As needed, the President would take a note to the Treasury and obtain the money he needed. He would use it for the purpose for which needed.

As a practical matter, there is a big difference with respect to having the assurance that during the 5-year period the President will have the authority to borrow the stipulated amounts. That is a commitment. It is an important commitment by the Congress. We are now committed for a 5-year program.

That is not an irreversible commitment. We cannot make an irreversible



commitment. For good and valid reasons Congress could rescind the authority. But that is a very different thing from waiting for each year and going before the Appropriations Committee and begging the committee on bended knee to allow some money.

The experience has been that there has been a 30-percent reduction, in the past 5 years, in the appropriations provided from the authorizations by the Congress. It is true that the Appropriations Committee, if it wishes to do so, can ignore or go very far toward changing the policy provided in the bill. The Appropriations Committee could restrict the program in accordance with the Senator's amendment, but I think it would be a much more serious act on the part of the committee. The committee would be taking much greater responsibility, in my opinion. Under the language, the committee should not reduce the program or rescind the authority except for some important national reason.

As I have said, this shifts the burden of changing the views of the Congress from the supplicant, the applicant, the Government, or the administration, to the Congress. It shifts it to the Appropriations Committee in the first instance, and finally to the Congress itself.

All of us who have been around the Congress for any length of time know how difficult it is to move this great body, which has so many Members of diverse views. It is a great undertaking, and the burden is a difficult one. One might say that the burden would be on the Appropriations Committee to initiate the move to reverse or substantially to change the decision, if it is taken by both bodies as it was taken in the Senate last Friday, to have a 5-year program. This is an important decision. I hope we make it. If we do not make it, then we do not make it. I hope both bodies will make that decision.

This will mean that we shall have made a very important decision that the program will no longer be an annual program, but that we may plan for 5 years. I grant that there is no way to guarantee that the Congress will not reverse itself next week. It is possible, even if we pass the bill before us, that 10 days later something may happen and a bill will be offered to rescind the whole program. That power is in the Congress. It is possible to do that. We will not do that, in my opinion, without an overriding reason or some very important reason. It could be a war. Any kind of catastrophe or change might cause us next year to abandon the 5-year concept.

As of the moment, we are making a decision, admitting that we are in a very long and difficult struggle, to remain in it for at least 5 years, because we believe conditions warrant it. We are not saying, very tentatively, "We will take up this burden for 1 more year, and then take another look, and perhaps continue another year after that."

I say—and the majority of the Senate seems to agree—that that is no longer an efficient way to administer this program. The main proof of this approach is that the people who administer it can

now say with considerable assurance—not with absolute assurance, but with considerable assurance—"We have 5 years to lay out plans for the development of this country or that country. We are going to plan on that basis." They will know, all the while, that Congress could pull the rug out from under them, but believe Congress will not do so. I do not believe the Congress will, either, without a very serious change in the world situation.

That is as near as I can come to stating the difference. I think it is a very important one.

Mr. LAUSCHE. The Senator from Arkansas takes the position that in the one case affirmative action is required by the Appropriations Committee to make the money available. The Appropriations Committee begins from nothing and has full latitude in determining how much money will be allowed.

In the second instance the basic structure is fixed, and that basic structure must be negated or altered; and, therefore, a greater burden falls upon the committee and upon the Congress to change what has once been declared.

Mr. FULBRIGHT. The Senator is correct.

Mr. LAUSCHE. How will the change be made? Will it be made in an appropriation bill?

Mr. FULBRIGHT. Yes.

Mr. LAUSCHE. Will it be by a resolution? I refer this, again, to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I would assume that under the language suggested by the Senator from Iowa the proposed legislation would go to the Foreign Relations Committee.

Mr. FULBRIGHT. I do not believe that is correct.

Mr. CASE of South Dakota. The language is:

And legislation shall be enacted authorizing such obligations and expenditures as may be necessary.

Mr. FULBRIGHT. I think it would go to the Appropriations Committee, exactly as is the case now.

Mr. CASE of South Dakota. That might be an inquiry to be addressed to the Parliamentarian. I have always assumed that, under the rules, proposed legislation which authorizes something would go to a legislative committee and proposed legislation to appropriate money would go to the Appropriations Committee.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I will yield to the Senator from Illinois in a moment.

I recognize that illustrations sometimes oversimplify, but I should like to use an illustration which I learned in the House of Representatives. I am sure the Senator from Illinois has heard it before.

The distinguished chairman of the House Committee on Appropriations used to remind us frequently in the Appropriations Committee that the Appropriations Committee was the saucer into which the hot tea of legislation was

poured to cool. He used that illustration to point out that the Appropriations Committee had an overall responsibility of trying to keep a balanced budget, and that if every legislative committee started to make appropriations one would never know when the checking account would be overdrawn. He used that phrase—a saucer to cool the hot tea of legislation.

When the Congress passes general legislation it sometimes authorizes appropriations to carry out the purposes of the legislation without any limitation whatsoever. Clearly the Appropriations Committee or some committee has to say how much we can afford in 1 year for that particular project or program. That has been the purpose of the Appropriations Committee.

I now yield to the Senator from Illinois.

Mr. DIRKSEN. Mr. President, the agency and the individual with the last word with respect to what the language means will be the Comptroller General of the United States. I respectfully suggest to the distinguished majority leader that we lay this question aside and get an opinion from the Comptroller General as to exactly what is involved in this language, because, sooner or later, it will come to his desk for an interpretation. I prefer to have that interpretation now rather than later.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from South Dakota [Mr. CASE] has the floor.

Mr. CASE of South Dakota. Mr. President, if it would be appropriate, I should be willing to yield to the Senator from Illinois, if I might do so without losing my right to the floor, so that he may address an inquiry to the Presiding Officer.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

Mr. DIRKSEN. First, Mr. President, without the Senator from South Dakota losing his right to the floor, will the Senator permit a comment from the distinguished majority leader?

Mr. CASE of South Dakota. Yes.

Mr. MANSFIELD. Mr. President, I think it would not be advisable at this time to refer to the Comptroller General a legislative procedure which the Senate has under consideration and has had under consideration since approximately 12 o'clock. I think we are making enough history to indicate the intent of the Senate in regard to this particular amendment or set of amendments.

I think the chairman of the Committee on Foreign Relations speaks in general for the full committee in this regard. Rather than put the question aside now, after 6 hours of debate, after holding up the proposed legislation temporarily for the convenience of certain members, and after keeping Senators here with the understanding they would very likely not be able to go home until 7 o'clock or 8 o'clock or thereabouts, I suggest, along



the line of what I think the Senator from Ohio [Mr. LAUSCHE] was about to suggest, that the question be put to the Presiding Officer and that a ruling be made by the Parliamentarian after which the Senate can proceed.

Mr. CASE of South Dakota. Mr. President—

Mr. DIRKSEN. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. CASE of South Dakota. I yield.

Mr. DIRKSEN. Involved in the language before the Senate are sections 102, 103, and 104 of the Government Corporation Control Act. Those sections clearly come under the jurisdiction of the Comptroller General, and from time to time he is called upon to interpret the authority of any agency that is subject to that act. That act found its way on the books in large part, I think, with some cooperation from the Comptroller General. Since there is involved here certain language that must be interpreted, and since the discussion in the Chamber indicates there is no uniformity of opinion as to what precisely this provision will be, I respectfully suggest that the question be laid aside so that Senators can study and understand fully what the provision would do. In the absence of a clear understanding, I would be very reluctant indeed to withdraw the substitute amendment that I offered earlier today.

Mr. CASE of South Dakota. Mr. President, in order that Senators or anyone else who may wish to review this question with convenience may do so, I ask unanimous consent that sections 102, 103, and 104 of the Government Corporation Control Act be printed at this point in the RECORD.

There being no objection, the sections were ordered to be printed in the RECORD, as follows:

SEC. 102. Each wholly owned Government corporation shall cause to be prepared annually a budget program, which shall be submitted to the President through the Bureau of the Budget on or before September 15 of each year. The Bureau of the Budget, under such rules and regulations as the President may establish, is authorized and directed to prescribe the form and content of, and the manner in which such budget program shall be prepared and presented. The budget program shall be a business-type budget, or plan of operations, with due allowance given to the need for flexibility, including provision for emergencies and contingencies, in order that the corporation may properly carry out its activities as authorized by law. The budget program shall contain estimates of the financial condition and operations of the corporation for the current and ensuing fiscal years and the actual condition and results of operation for the last completed fiscal year. Such budget program shall include a statement of financial condition, a statement of income and expense, an analysis of surplus or deficit, a statement of sources and application of funds, and such other supplementary statements and information as are necessary or desirable to make known the financial condition and operations of the corporation. Such statements shall include estimates of operations by major types of activities, together with estimates of administrative expenses, estimates of borrowings, and estimates of the amount of Government capital funds which shall be returned to the Treasury during the fiscal year or the appropria-

tions required to provide for the restoration of capital impairments.

SEC. 103. The budget programs of the corporations as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual Budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget programs may be submitted from time to time.

Budget programs shall be submitted for all wholly owned Government corporations covering operations for the fiscal year commencing July 1, 1946, and each fiscal year thereafter.

SEC. 104. The budget programs transmitted by the President to the Congress shall be considered and, if necessary, legislation shall be enacted making available such funds or other financial resources as the Congress may determine. The provisions of this section shall not be construed as preventing wholly owned Government corporations from carrying out and financing their activities as authorized by existing law, nor shall any provisions of this section be construed as affecting in any way the provisions of section 26 of the Tennessee Valley Authority Act, as amended. The provisions of this section shall not be construed as affecting the existing authority of any wholly owned Government corporation to make contracts or other communities without reference to fiscal-year limitations.

Mr. CASE of South Dakota. The Government Control Act, section 104, has been amended, particularly with respect to the provisions relating to the Tennessee Valley Act.

The junior Senator from South Dakota had the privilege of introducing the Government corporation control bill in the House of Representatives, and remembers very distinctly that what the Senator from Illinois [Mr. DIRKSEN] has said is correct. It was proposed and presented there by the Comptroller General, who at the time I think was Mr. Lindsay Warren. In the Senate, the Government corporation control bill was introduced by the distinguished Senator from Virginia [Mr. BYRD] and the distinguished late Senator Butler of Nebraska. I think the author of the act is generally recognized to be the Senator from Virginia.

The Senator from South Dakota, then a Member of the House of Representatives, claims no credit for having authored the act in any sense. But he and former Representative Whittington, of Mississippi, introduced two bills in the House of Representatives which were substantially identical in text with the bills introduced by the Senator from Virginia and Senator BUTLER, of Nebraska. It was on those bills that the Government Corporation Control Act hearings were held.

The Comptroller General supported the bills and advocated them very strenuously and successfully in the enactment of that legislation. Therefore, his opinion on the application of the act would doubtless be of value to the Senate.

I revert now to the question I originally posed with respect to the amendment proposed by the Senator from Illinois. That question was whether or not a concurrent resolution could repeal an act of Congress to the extent of invalidating an authorization made by a full legislative act.

The full legislative act calls not merely for action by the House and Senate, but also signature by the President. The question I pose is whether we can safely assume that an authorization created by the approval of both the House and the Senate, and receiving the signature of the President, can be invalidated without the consent or the action of the President himself, whose signature was necessary for the act?

I raise the question because of our experience in connection with the military construction bill. I call attention to the fact that on two different occasions the President of the United States vetoed proposed legislation passed by Congress on the precise ground that in the military construction bill it was proposed that the authorization for certain programs would not be effective until the Secretary of Defense should have come into agreement with the Armed Services Committees of the Senate and the House of Representatives with respect to utilization.

In his veto message on H.R. 9893, President Eisenhower said on the 16th of July:

If the committees should fail or decline to agree to the plans prepared by the Secretary of Defense, the practical effect of this provision would be to lodge in the committees the authority to nullify congressional authorization. The provision would also compel the Secretary of Defense, an executive official, to share with two committees of the Congress the responsibility for carrying out the Talos missile authorization. This procedure would destroy the clear lines of responsibility which the Constitution provides.

That was President Eisenhower's comment with respect to section 301 of the bill he was vetoing. Then he cited section 419, which provided:

Notwithstanding any other provisions of this act or any other law, no contract shall be entered into by the United States for the construction or acquisition of family housing units by or for the use of the Department of Defense unless the Department of Defense, in each instance, has come into agreement with the Armed Services Committees of the Senate and House of Representatives.

President Eisenhower continued:

While the Congress may enact legislation governing the making of Government contracts, it may not constitutionally delegate to its Members or committees the power to make such contracts, either directly or by giving them the authority to approve or disapprove a contract which an executive officer proposes to make.

Two years ago I returned, without my approval, a bill, H.R. 7512, 83d Congress, containing similar provisions. At that time I stated that such provisions violate the fundamental constitutional principle of separation of powers prescribed in articles I and II of the Constitution, which place the legislative power in the Congress and the executive power in the executive branch.

Once again, I must object to such a serious departure from the separation of powers as provided by the Constitution. Any such departure from constitutional procedures must be avoided. I am persuaded that the true purpose of the Congress in the enactment of both of these provisions was to exercise a close and full legislative oversight of important programs of the Department of Defense. This purpose can be properly attained by requiring timely reports from the Executive. Such reports would provide the Congress with the basis



for any further legislative action it may find to be necessary.

Accordingly, I am returning H.R. 9893, with my urgent recommendation that it be reenacted without the objectionable provisions.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I will yield in a moment.

I recognize, and I wish specifically to call attention to the fact that what the President was dealing with here were proposals that would place the veto over executive legislation within committees of the Congress. The amendment proposed by the Senator from Illinois deals with a concurrent resolution that raises a somewhat different question, and perhaps quite a different question. But I call attention to the fact that there is some relationship with the principle involved in the pending question, that once Congress has enacted an authorization by full legislative power—passage by both the House and the Senate, and with the signature of the President—someone might at least raise the question, can such authorization be invalidated or nullified by Congress alone without action by the President? That question has arisen sometimes in connection with the operation of other legislation and Congress has been very jealous of permitting the President alone to impair the strength of congressional action.

Shortly following the veto of July 16, 1956, the Attorney General of the United States gave the President, on the 8th of August 1957, an extended opinion in which he referred to this particular veto and other vetoes, and discussed the question involved at some length.

I ask unanimous consent to insert in the RECORD at this point the full text of the opinion of the Attorney General dated August 8, 1957.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

OPINION OF THE ATTORNEY GENERAL OF THE UNITED STATES

AUTHORITY OF CONGRESSIONAL COMMITTEES TO DISAPPROVE ACTION OF EXECUTIVE BRANCH

Section 601 of the act of September 28, 1951, c. 434, 65 Stat. 336, 365, provides, in effect, that no accessions, leases, transfers, or declarations of surplus, of any real property, may be made by any designated officer of the military departments, where the amount involved exceeds \$25,000, unless the designated officer of the military department first comes into agreement with the Committees on Armed Services of the Senate and of the House of Representatives. In this aspect it reflects an attempted exercise of executive authority by the legislative branch of the Government not warranted by the Constitution and is, therefore, unconstitutional. See also 37 Op. 56; 41 Op. No. 32 of July 13, 1955.

AUGUST 8, 1957.<sup>1</sup>

The PRESIDENT.

DEAR MR. PRESIDENT: By letter of July 23, 1957, from the Honorable Gerald D. Morgan, the Attorney General was asked to give his advice to you on the constitutionality of certain provisions of section 601 of Public Law 155, 82d Congress, 1st session (65 Stat. 365).

Section 601 reads as follows:

"SEC. 601. The Secretary of the Army, the Secretary of the Air Force, the Secretary of the Navy, or the Administrator of the Federal Civil Defense Administration, as the case may be, or his designee, shall come into agreement with the Committee on Armed Services of the Senate and of the House of Representatives with respect to those real-estate actions by or for the use of the military departments or the Federal Civil Defense Administration that are described in (a) through (e) below, and in the manner therein described.

"(a) Acquisitions of real property where fee title is to be acquired for an amount estimated to be in excess of \$25,000. In those cases where individual acquisitions are to be made as part of a project, the agreement to be reached shall be based on general plans for the project, which shall include an estimate of the total cost of the lands to be acquired.

"(b) Leases to the United States of real property where the estimated annual rental is in excess of \$25,000. In those cases where individual leases are to be made as part of a project, the agreement to be reached shall be based on general plans for the project, which shall include an estimate of the total cost of the leases to be made.

"(c) Leases of Government-owned real property where the estimated annual rental is in excess of \$25,000.

"(d) Transfers of Government-owned real property with an estimated value in excess of \$25,000 under the jurisdiction of the military departments or the Federal Civil Defense Administration, which are to be made to other Federal agencies, or to States, including transfers between the military departments.

"(e) Reports to a disposal agency of excess Government-owned real property with an estimated value in excess of \$25,000."

The effect of these provisions is that no acquisition, leases, transfers, or declarations of surplus of any real property by any of the military departments may be made, where the amount involved exceeds \$25,000 unless the designated officer of the executive department comes into agreement with the Committees on Armed Services of the Senate and of the House of Representatives.

Legislative proposals and enactments in recent years have reflected a growing trend whereby authority is sought to be vested in congressional committees to approve or disapprove actions of the executive branch. Of the several legislative devices employed, that which subjects executive department action to the prior approval or disapproval of congressional committees may well be the most inimical to responsible government. It not only permits organs of the legislative branch to take binding actions having the effect of law without opportunity for the President to participate in the legislative process, but it also permits mere handfuls of members to speak for a Congress which is given no opportunity to participate as a whole. An arrangement of this kind tends to undermine the President's position as the responsible Chief Executive.

Action by several prior Presidents on matters of this kind has been somewhat inconsistent. In 1920, President Wilson disapproved an appropriation bill which provided that the printing of magazines by executive agencies must have the prior approval of the Joint Congressional Committee on Printing on the ground that this provision would have vested executive branch functions in a congressional committee (59 CONGRESSIONAL RECORD 7026). Later, in 1933, a bill (H.R. 13975, 72d Cong., 2d sess.) was passed prohibiting certain income and other tax refunds in excess of \$20,000 without prior approval by the Joint Committee on Internal Taxation, which could also fix the amount

of each refund. President Hoover disapproved the bill on constitutional grounds (76 CONGRESSIONAL RECORD 2445), following the Attorney General's advice that the provision invalidly attempted to vest an executive function in a congressional committee (37 Op. 56 (1933)).

During the past dozen years or so, provisions for control by congressional committees have related, in large part, to real estate transactions of the Armed Forces. Thus, the act of March 26, 1943 (57 Stat. 52), provided that "the Secretary of the Navy shall report to the Senate and House Naval Affairs Committees all \* \* \* prospective acquisitions" of land under the authority of the act. During the House debate on the bill, a letter was read from the Secretary of the Navy wherein that official stated: "I understand further that the committee understands from the wording of the amendment that the Department will come into agreement with the Naval Affairs Committees of the House and Senate with respect to acquisitions before final commitments are made. This procedure is acceptable to me" (89 CONGRESSIONAL RECORD 1229 (1943)). This interpretation of the 1943 statute was formalized by subsequent legislation and made applicable to all land acquisitions and disposals by the Navy in 1944, the statute providing that "the Secretary of the Navy shall come into agreement with the Naval Affairs Committees of the Senate and of the House of Representatives with respect to the terms of such prospective acquisitions or disposals \* \* \*" (58 Stat. 190).

This was interpreted in practice as giving to the committees a veto power over such transactions. For example, in 1951, Representative VINSON, chairman of the House Committee on Naval Affairs and of the successor Committee on Armed Forces, stated, "We have rejected many (proposed transactions)" (97 CONGRESSIONAL RECORD 5437).

In 1951, a predecessor bill to the law here under consideration was passed by the Senate and House. It would have required the Secretaries of the Navy, Army, and Air Force and the Federal Civil Defense Administrator to "come into agreement" with the Senate and House Committees on Armed Services with respect to land purchases, leases involving annual rentals in excess of \$15,000, and transfers to other governmental agencies of real estate (H.R. 3096, 82d Cong., 1st sess. (1951)). In disapproving the bill, President Truman emphasized the practical administrative difficulties rather than constitutional objections. However, he also stated (H.R. Doc. No. 133, 82d Cong., 1st sess., p. 3, 1951):

"I am concerned by what appears to me to be a gradual trend on the part of the legislative branch to participate to an even greater extent in the actual execution and administration of the laws. Under our system of government it is contemplated that the Congress will enact the laws and will leave their administration and execution to the executive branch."

Upon consideration of the veto, Representative PATMAN urged that if the disapproval power to be vested in the committees was a legislative function, it could be performed only by the two Houses, and that if it was an executive function, it could not be performed by a legislative committee (97 CONGRESSIONAL RECORD 5443). The House overrode the veto (97 CONGRESSIONAL RECORD 5445), but the Senate did not act upon it. However, a few months later, on September 28, 1951, President Truman approved without comment the present law.

The "come into agreement" requirement appeared thereafter in a 1952 act authorizing secret or unspecified military construction. It contained the provision that "the Secretary of the military department authorized to establish or develop such public work, or

<sup>1</sup> Released for publication Jan. 30, 1958.



his designee, shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives with respect to the cost of construction of such public work \* \* \* (66 Stat. 625).

Another 1952 statute contained, apparently for the first time, a requirement subjecting proposed administrative action to the prior approval of the chairman of a congressional committee. The Supplemental Appropriation Act, 1953, provided that a circular issued by the Director of the Budget prescribing the policy for determining rents for Government-owned living quarters furnished to Federal employees "may be amended or changed during such (the current fiscal) year by the Director of the Budget with the approval of the chairman of the Committee on Appropriations of the House of Representatives" (66 Stat. 661). This requirement was subsequently continued in force.

During the 83d Congress, you disapproved an act of Congress which would have invaded the prerogatives of the executive branch of the Federal Government. H.R. 7512 (83d Cong., 2d sess.), authorized the Secretary of the Army to convey federally owned lands situated within the Camp Blanding Military Reservation, Fla., only upon the condition that, prior to the consummation of such a conveyance agreement, the Secretary of the Army or his designee "shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives concerning the terms of such an agreement." In your veto message to the House of Representatives (100 CONGRESSIONAL RECORD, pt. 6, p. 7135), you stated:

"The purpose of this clause is to vest in the Committees on Armed Services of the Senate and House of Representatives power to approve or disapprove any agreement which the Secretary of the Army proposes to make with the State of Florida pursuant to section 2(4). The practical effect would be to place the power to make such agreement jointly in the Secretary of the Army and the members of the Committees on Armed Services. In so doing, the bill would violate the fundamental constitutional principle of separation of powers prescribed in articles I and II of the Constitution which place the legislative power in the Congress and the executive power in the executive branch."

The Camp Blanding legislation was then repassed without the "come into agreement" provision.

During the same Congress, the Senate Committee on Public Works reported a bill (H.R. 6342) which provided that no agreements for the acquisition of title to real property and for certain other purposes by the Administrator of General Services and the Postmaster General should be executed until the Administrator or Postmaster General had come into agreement with the Committees on Public Works of the Senate and House with respect to such agreements. During the Senate debate on the bill, a departmental memorandum of law was inserted in the CONGRESSIONAL RECORD in which the position was taken that such a provision would vest executive functions in congressional committees and, thereby, would violate the separation-of-powers principle of the Constitution (100 CONGRESSIONAL RECORD, pt. 4, 4879, Apr. 8, 1954). The Senate, however, overwhelmingly refused, by a vote of 60 to 8, to delete this provision (100 CONGRESSIONAL RECORD, pt. 8, p. 10017).

After Senate passage of the bill, the Department transmitted, on May 14, 1954, to the chairman of the House Committee on Public Works, a more detailed memorandum setting forth the same constitutional objections. On May 25, 1954, you disapproved the Camp Blanding Military Reservation bill

(H.R. 7512) on the constitutional grounds indicated above. Apparently in deference to that disapproval, the conference committee revised H.R. 6342 so as to eliminate the come-into-agreement provision.

During the 84th Congress, you asked for the advice of the Attorney General in reference to certain provisions of the Department of Defense Appropriation Act, 1956 (H.R. 6042, 69 Stat. 301). Section 638 of that bill prohibited the use of appropriated funds for the disposal or transfer of work performed by Department of Defense civilian personnel for 3 years or more "unless justified to the Appropriations Committees of the Senate and House of Representatives, at least 90 days in advance of such disposal or transfer," with the proviso that "no such disposal or transfer shall be made if disapproved by either committee within the 90-day period by written notice to the Secretary of Defense."

In his letter to you of July 13, 1955, since published as an opinion of the Attorney General (41 Ops., No. 32), you were advised:

"The practical effect of these provisions is to vest the power to administer the particular program jointly in the Secretary of Defense and the members of the Appropriations Committees, with the overriding right to forbid action reserved to the two committees. This, I believe, engrafts executive functions upon legislative members and thus overreaches the permitted sweep of legislative authority. At the same time, it serves to usurp power confided to the executive branch. The result, therefore, is violative of the fundamental constitutional principle of separation of powers prescribed in articles I and II of the Constitution which places the legislative power in the Congress and the executive power in the executive branch."

"Another aspect of invalidity, of equal force, is presented by the proviso. Thus, while the Congress may enact legislation governing the making of Government contracts, it may not legally delegate to its committees or Members the power to make contracts, either directly or by conferring upon them power to disapprove a contract which an officer of the executive branch proposes to make. Apart from the right of the Congress as a whole with respect to contractual authority, it is quite clear that committees of the Congress do not have the legal capacity to enact legislation. Nevertheless, the Appropriations Committees of the Senate and the House of Representatives have assumed to themselves that power in the present instance."

The Attorney General further advised, in connection with this bill, that since section 638 was, in his view, separable from the remainder of the act, and as it did not bear upon its substance as a whole, disapproval of the act was not deemed necessary. Instead, it was suggested that the offending section was not to be regarded as a legally binding limitation which the Congress could constitutionally impose. In your statement of July 13, 1955, to the Congress, you advised that section 638 would be "regarded as invalid by the executive branch of the Government in the administration of H.R. 6042, unless otherwise determined by a court of competent jurisdiction" (100 CONGRESSIONAL RECORD, pt. 6, 7135, bound).

Another bill of the 84th Congress containing the same legal infirmity was disapproved. H.R. 9893, a bill to authorize construction at military installations was returned to the House of Representatives on July 16, 1956 (102 CONGRESSIONAL RECORD 11788), without your approval because of two objectionable provisions. Section 301 of that bill provided that none of the authorized appropriations relating to the Talos missile "shall be effective until the Secretary of Defense shall have come into agreement with the Armed Services Committees of the Senate and of

the House of Representatives with respect to its utilization." In rejecting this requirement, you stated (H.R. Doc. No. 450, 84th Cong., 2d sess.):

"If the committees should fail or decline to agree to the plans prepared by the Secretary of Defense, the practical effect of this provision would be to lodge in the committees the authority to nullify congressional authorization."

"The provision would also compel the Secretary of Defense, an executive official, to share with two committees of the Congress the responsibility for the carrying out of the Talos missile authorization. This procedure would destroy the clear lines of responsibility which the Constitution provides."

Section 419 of the same bill contained a like "come into agreement provision." It provided that no contract for family housing units could be entered into "unless the Department of Defense \* \* \* has come into agreement with the Armed Services Committees of the Senate and House of Representatives." As to these provisions, you stated (id., at p. 2):

"While the Congress may enact legislation governing the making of Government contracts, it may not constitutionally delegate to its Members or committees the power to make such contracts, either directly or by giving them the authority to approve or disapprove a contract which an executive officer proposes to make."

"Two years ago I returned, without my approval, a bill (H.R. 7512, 83d Cong.) containing similar provisions. At that time I stated that such provisions violate the fundamental constitutional principle of separation of powers prescribed in articles I and II of the Constitution which place the legislative power in the Congress and the executive power in the executive branch."

"Once again, I must object to such a serious departure from the separation of powers as provided by the Constitution. Any such departure from constitutional procedures must be avoided."

"I am persuaded that the true purpose of the Congress in the enactment of both of these provisions was to exercise a close and full legislative oversight of important programs of the Department of Defense. This purpose can be properly attained by requiring timely reports from the Executive. Such reports would provide the Congress with the basis for further legislative action it may find to be necessary."

These objectionable provisions were subsequently eliminated (see 102 CONGRESSIONAL RECORD 11924, July 17, 1956).

A year ago, on August 6, 1956, you issued a statement voicing objection to certain provisions of a bill calling for committee approval or disapproval in terms somewhat different from the "come into agreement" provision, but of like purpose and effect. H.R. 5881 (70 Stat. 1044) authorizes the Secretary of the Interior to contract with States, irrigation districts, and others within the 17 western reclamation States to assist in the construction of small reclamation projects. In approving the bill, you stated:

"I have approved this bill only because the Congress is not in session to receive and act upon a veto message and because I have been assured that the committees which handled the bill in the Congress will take action to correct its deficiencies early in the next session. Specifically, a provision found in section 4(c) is seriously faulty. The section provides that: ' \* \* \* no such contract shall be executed by the Secretary prior to 60 calendar days \* \* \* from the date on which the project proposal has been submitted to both branches of the Congress for consideration by the appropriate committees thereof, and then only if neither such committee, by committee resolution and notification in writing to the Secretary, dis-



approves the project proposal within such period: *Provided*, That if both such committees, in the same manner and prior to the expiration of such period, approve the project proposal, then the Secretary may proceed to execute the contract: *Provided further*, That in the event either committee disapproves the project proposal, the Secretary shall not proceed further unless the Congress has approved the same.

"This language would thus require, before a project negotiated under the act is allowed finality, a further act by the legislature. The action required can be viewed as either a legislative act or an executive act. However construed, constitutional defects are inherent. Viewed as requiring a further legislative act, the section is open to the objection that it involves an unlawful delegation by the Congress to its committees of a legislative function which the Constitution contemplates the Congress itself, as an entity, should exercise.

"If the further act is considered as not legislative in nature, then there is involved what appears to be an unconstitutional infringement of the separation of powers prescribed in articles I and II of the Constitution. I do not believe that the Congress can validly delegate to one of its committees the power to prevent executive actions taken pursuant to law. To do so in this case would be to divide the responsibility for administering the program between the Secretary of the Interior and the designated committees. Such a procedure would be a clear violation of the separation of powers within the Government and would destroy the lines of responsibility which the Constitution provides.

"Furthermore, the negotiation and execution of a contract is a purely executive function. Although the Congress may prescribe the standards and conditions under which executive officials may enter into contracts, it may not lodge in its committees or members the power to make such contracts, either directly or by giving them the power to approve or disapprove a contract which an executive officer proposes to make.

"I believe it to be my duty to uphold the constitutional principle that only the Congress can make the laws and only the executive branch can administer them. I am certain that there is little disagreement with this proposition and I have been assured that the purpose of the Congress in approving section 4(c) was to facilitate legislative oversight of a new program. Fortunately that objective can be attained through well tested procedures fully compatible with our system of Government; for example, the Congress may require the Secretary of the Interior to submit such reports as it may find of value in carrying on its legislative functions." (United States Code Congressional and Administrative News, v. 3, pp. 4836-4837, 84th Cong., 2d sess. 1956.)

The statement concluded with the observation that the Secretary of the Interior will prepare to take action as soon as appropriations are made to implement the bill and "section 4(c) has been removed or revised."

With reference to Public Law 155, it is noted that the Commission on Organization of the executive branch of the Government (the so-called Hoover Commission) urged the repeal of section 601 in Recommendation No. 10 of its Report on Real Property Management (Rept. Nos. 11-19 and Index, vol. 2, pp. 35-36, 1955). The Commission also observed: "The Commission \* \* \* questions the appropriateness of congressional committee participation in the executive function of operation on the ground that it is an invasion of the executive by the legislative branch" (H. Doc. No. 177, p. 36, 84th Cong.).

By letter of April 27, 1956, this Department responded to the request of Senator McCLELLAN, chairman, Committee on Government Operations, for our views on S. 2479: "To repeal section 601 of Public Law 155, 82d Congress." In favoring enactment of the bill, the Department's letter pointed out that the provision sought to be repealed was similar to that contained in H.R. 7512, 83d Congress (Camp Blanding Military Reservation, Fla.); that your veto message presented the constitutional objections to the provision; and that: "The position taken by the President in his veto of H.R. 7512 is equally valid with respect to section 601 of Public Law 155."

It thus appears that you have consistently opposed an invasion of executive office functions and powers through legislative devices of the character indicated. Your position in such regard is, I believe, fully supported by sound constitutional doctrine.

I am of the opinion that section 601 of Public Law 155, 82d Congress, 1st session, reflects the exercise of legislative authority not warranted by the Constitution and that it is, therefore, unconstitutional.

You have also asked for advice as to the appropriate courses of action which might be taken in the event the indicated provisions are viewed as unconstitutional. I believe the most effective and practical course of action would be to urge the repeal by the Congress of section 601, along the lines of the bill (S. 2479) introduced during the last Congress. If you are agreeable to this suggestion, the Department of Justice would be happy to cooperate with the Bureau of the Budget in preparing such material as may be required.

Respectfully,

WILLIAM P. ROGERS,  
Acting Attorney General.

Mr. CASE of South Dakota. In that opinion, I particularly call attention to the opinion of the Attorney General which was given to the President, apparently, in a letter of July 13, 1955, in which the Attorney General had advised the President:

Another aspect of invalidity, of equal force, is presented by the proviso. Thus, while the Congress may enact legislation governing the making of Government contracts, it may not legally delegate to its committees or Members the power to make contracts either directly or by conferring upon them power to disapprove a contract which an officer of the executive branch proposes to make. Apart from the right of the Congress as a whole with respect to contractual authority, it is quite clear that committees of the Congress do not have the legal capacity to enact legislation.

Nevertheless, in the present instance the Appropriations Committees of the Senate and the House of Representatives have assumed to themselves that power.

In that instance the Attorney General made some distinction, apart from the right of Congress as a whole with respect to contractual authority, in which he was suggesting that certain other elements entered into his opinion on that subject.

Congress has repeatedly asserted its right, in enacting legislation, to terminate legislation by concurrent resolution.

One of the most notable examples was when President Truman called upon Congress for emergency legislation to deal with the railroads. As the recommendation by President Truman came

to Congress, it proposed that the power which the President asked Congress for, namely, to draft railway labor, be terminated only upon action of the President itself. At the time that recommendation came to the Senate and came to the House of Representatives, the junior Senator from South Dakota, then a Member of the House, called the attention of the floor leader of the House, Representative McCORMACK, to the fact that if we once surrender to the President the right to draft labor and let him have the right to terminate that power, we would be surrendering a very vital power.

As a result, before the bill was actually presented to the House of Representatives—although it was passed hurriedly that same day—the bill was amended to provide that the period for which the authority would be given to the President could be terminated either by the act of the President or by a concurrent resolution, whichever decision took place first.

I recognize that the Senator from Illinois—and I think very properly—has couched his proposal in terms of termination of the authorization. I call attention to this fact, having raised the original question, because I recognize that there are precedents for terminating the effectiveness of legislation by concurrent resolution. The Senator from Kentucky calls attention to the fact that in the bill itself there is a proposal for termination of the assistance program by concurrent resolution.

As the bill was apparently originally introduced, it would have read, in section 616:

Assistance under any provision of this act may, unless sooner terminated by the President, be terminated by act of Congress.

The committee, in considering the bill, apparently decided that an act of Congress would call for the signature of the President. Desiring to retain control in the Congress, the bill, as shown at page 55, lines 11 and 12, strikes out "act of Congress" and substitutes in lieu thereof "concurrent resolution."

Mr. President, I ask that at this time I may yield to the Senator from Massachusetts, without losing the floor.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Is there objection? Without objection, it is so ordered.

Mr. SALTONSTALL. Mr. President, I desire to propound a parliamentary inquiry: I should like to have the Chair rule, tomorrow morning, if I then ask this question during the session tomorrow morning: If the Hickenlooper amendment is offered and is adopted, and if the budget of the Development Loan Fund is referred to the Appropriations Committee, and is altered by the Appropriations Committee, will that be legislation on an appropriation bill?

Have I made my parliamentary inquiry clear? I do not wish to have an answer tonight, but I would be happy to have it tomorrow, if I renew my inquiry then.

The PRESIDING OFFICER. Very well.



Mr. CASE of South Dakota. Mr. President, following the inquiry of the Senator from Massachusetts, I suggest that in ruling on the question he propounded, the Chair take into consideration the fact that the Hickenlooper amendment refers to legislation to authorize, not legislation to appropriate.

Mr. KEATING. I understand that the word used at that point in the amendment is "permit," not "authorize."

Mr. HICKENLOOPER. Yes, it has been changed. Originally the word used was "authorizing," but I have changed that to "permitting," and have substituted, in place of the word "basic," in the last line, the word "important."

Mr. CASE of South Dakota. I am glad to know of those changes. Even so, I would observe that legislation is legislation, and an appropriation is an appropriation, and I do not see in the proposal of the Senator from Iowa any suggestion that the Senate rules be changed, nor are the rules pertaining to the jurisdiction of committees proposed to be modified or amended. If legislation is to be proposed, it seems to me it would be legislation. If there is a proposal to appropriate new funds, a different question would then arise.

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. MANSFIELD. I hope that Senators who have offered these amendments or who have indicated an interest in them will have their questions ready for the staff of the Comptroller General, so they will know just what findings are expected, just what material to look over, and just what interpretations would be expected. I do not know who would be responsible for that, but someone had better contact them tonight.

Mr. CASE of South Dakota. I suggest that Senator who have offered the amendments and are concerned with the interpretation of them make the contacts.

In raising the question as to the effect from a constitutional standpoint, I merely sought originally to point out that it would be desirable to look into that point. I do not pose as a constitutional lawyer or any other kind of a lawyer. But in view of our experience with previous legislation when it has been sought to have authorizations modified by some categories of those committees, without participation by the executive branch, I think that experience should be taken into consideration.

I have my own reservations with regard to the Development Loan Fund program, particularly in light of the rejection of the so-called Byrd amendment. But if we are to legislate, I think the legislation should not be a nullity, and I think that whatever we do should be clear and its purpose and its meaning should be established, so far as is possible at the time when we act to approve the bill or to adopt the amendment.

Mr. President, I appreciate the indulgence of the Chair and of the Senate. I now yield the floor.

Mr. MANSFIELD. Mr. President, let me announce that there will be no votes this evening.

# ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW—UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE ON PENDING AMENDMENTS

Mr. DIRKSEN. Mr. President, with the understanding that the Senator from South Dakota does not lose the floor, and that any colloquy which eventuates shall come at the conclusion of his speech, I should like to ask the majority leader whether it would be possible to convene a little earlier tomorrow and get an opinion from the Comptroller General, and then have a time limitation placed on the debate of amendments which are presently pending, and on the substitute, so that this matter may be disposed of.

Mr. MANSFIELD. The minority leader has read my mind. First I ask unanimous consent that when the Senate adjourn tonight, it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MANSFIELD. In line with the suggestion made by the distinguished minority leader, relative to a ruling by the Comptroller General, I should like to make a unanimous consent request. I do so because the Senate has been considering the proposal for almost 6 hours. We seem to be no closer to a solution now than we were at the beginning; in fact, we seem to be getting farther from a solution.

I ask unanimous consent that the Comptroller General be consulted to make the determinations requested by various Senators; that at the conclusion of the morning business tomorrow, 1 hour be allocated for debate, with a half hour to each side, with the time to be controlled by those in favor of the amendment or amendments, and one-half hour by those on the opposite side.

The PRESIDING OFFICER. Is there objection?

Mr. HICKENLOOPER. Reserving the right to object—

Mr. MANSFIELD. I will make that 2 hours, 1 hour on each side.

Mr. HICKENLOOPER. Mr. President, reserving the right to object, I wish the RECORD to be perfectly clear that the amendment to which I have been referring has not yet been offered. I assume that the majority leader's request includes that amendment in the discussion, because it relates to the matter of interpretation.

Mr. MANSFIELD. That is correct. Mr. President, I also ask unanimous consent that the amendment to the amendment of the Senator from Illinois, by the Senator from Wisconsin, which consists of only three words, be also included in the unanimous-consent agreement.

Mr. HICKENLOOPER. As I understand the parliamentary situation, my amendment is not eligible at this moment, as the amendment stands. That is why I have not offered it.

Mr. MANSFIELD. I understood that it would be eligible.

Mr. DIRKSEN. I suggest that the amendment be submitted for printing under the rule.

Mr. HICKENLOOPER. Yes. I submit the amendment.

The PRESIDING OFFICER. The amendment of the Senator from Iowa will be received and printed, and will lie on the table.

Mr. FULBRIGHT. Mr. President, reserving the right to object, I wish to clarify the situation. It is suggested that the debate be limited to 2 hours, and that within those 2 hours all these amendments will be discussed. Is 2 hours of debate to be allowed on each amendment, or is the 2-hour limitation to apply to all the amendments, including the amendment of the Senator from New York and the Senator from Massachusetts and others?

Mr. HICKENLOOPER. I was about to ask the same question. What are we asking by way of a limitation on time?

Mr. MANSFIELD. We have in mind all the amendments, because we have had almost 6 hours of discussion, and therefore have been able to do much of the preliminary work in connection with them.

Mr. FULBRIGHT. I suggest that I have done all I can to reconcile the divergent views. I have offered to support the amendment that I had suggested, but it has been rejected. My opinion still is that the provision in the bill as written by the committee is the best amendment, and I believe it covers the objective of all the others. So it would not be contrary to the bill if we ended up by accepting the committee bill as written.

Mr. MANSFIELD. Not in the least.

Mr. DIRKSEN. Mr. President, I submit an amendment and ask that it be printed, and also be printed in the RECORD at this point.

The PRESIDING OFFICER. The amendment of the Senator from Illinois will be received and printed and will lie on the table; and, without objection, the amendment will be printed in the RECORD.

The amendment submitted by Mr. DIRKSEN, in the nature of a substitute for the amendment of Mr. SALSTONSTALL, is as follows:

(d) In any case in which the amount of a proposed loan under this title exceeds \$1,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses.

(e) It is the primary intent and purpose of the above paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest: *Provided, however,* That if the President certifies that any such report will be adverse to the national security then



by action of the said committees the filing thereof may be waived.

(f) When an authorization is submitted to the committees named in paragraph (d) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

(g) The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

Mr. MANSFIELD. The unanimous consent request was made only after consultation with the distinguished minority leader, interested Members on the Republican side, and the chairman of the Foreign Relations Committee.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—I should like to make the parliamentary situation clear. What is the pending question?

The PRESIDING OFFICER. The pending question is the perfecting amendment offered by the Senator from Arkansas [Mr. FULBRIGHT].

Mr. JAVITS. That is the perfecting amendment to the amendment offered by the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from New York [Mr. KEATING]?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. Do I correctly understand that the proposal of the Senator from Illinois and the proposal of the Senator from Iowa are not pending, but are still to be printed for the information of the Senate?

The PRESIDING OFFICER. The proposal of the Senator from Iowa is pending, to be considered after the decision on the Fulbright perfecting amendment and then on the Saltonstall amendment.

Mr. JAVITS. So the amendment in the nature of a substitute is pending also?

The PRESIDING OFFICER. The Senator from New York is correct.

Mr. JAVITS. Is the amendment of the Senator from Iowa pending?

The PRESIDING OFFICER. No. The amendment of the Senator from Iowa is not, has not been, and cannot be offered at this time.

Mr. JAVITS. The 2-hour limitation applies to all the amendments, including the amendment of the Senator from Iowa, although it has not been offered; is that correct?

The PRESIDING OFFICER. The Senator will have to ask the majority leader to answer that question.

Mr. JAVITS. I ask the majority leader what is comprised in the unanimous-consent request now before the Senate?

Mr. MANSFIELD. It would include the amendment offered by the Senator from Iowa.

Mr. JAVITS. May any of the movants of those amendments change their amendments in the course of the debate?

The PRESIDING OFFICER. They may change their amendments unless the yeas and nays have been ordered.

Mr. JAVITS. One final parliamentary inquiry. Suppose another amendment is

offered on the same subject in a proper, parliamentary way. What time for debate would be available on that amendment?

The PRESIDING OFFICER. That question should be directed to the majority leader.

Mr. JAVITS. I address my question to the majority leader. Suppose another Senator wished to offer another amendment on the same subject, in a proper, parliamentary way, whatever the order of consideration may be. Would he have any time in which to discuss his amendment?

Mr. MANSFIELD. I should think he would have time after these amendments were disposed of.

Mr. JAVITS. Suppose all the time had been used. I merely wish to understand the limits of the parliamentary situation. If unanimous consent to limit debate to 2 hours is to be applied only to these amendments, and I or any other Senator may offer any other amendment on the same subject thereafter, I have no objection; but if it is proposed to exclude any other amendment on the same subject because of a technical situation, I think that would be a mistake.

Mr. MANSFIELD. Mr. President, I withdraw my request.

Mr. FULBRIGHT. Mr. President, I hope the majority leader will not do that. I think this problem can be solved. I think we are close to reaching agreement. In fact, I had already in mind proposing to withdraw my amendment. The question would then revert to the amendment of the Senator from Massachusetts, and I have even heard intimations that he might withdraw his amendment. The question then would come, I think, to a choice between the amendment of the Senator from Illinois and the amendment of the Senator from Iowa.

I should dislike to spend all day tomorrow on the same subject. Some 35 more amendments remain to be considered. We might be debating this one bill until the first of September. We are wasting much time. I shall not have any more to say about my amendment except possibly to withdraw it.

Mr. CASE of South Dakota. Mr. President, I believe I have the floor.

Mr. JAVITS. Mr. President, will the Senator from South Dakota further yield, so that we may clarify the proposed unanimous-consent agreement?

Mr. CASE of South Dakota. Mr. President, I will yield, provided my right to the floor is protected.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Senator from South Dakota may retain the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I was about to suggest to the Senator from Montana that I have no desire to do anything but clarify the situation. I shall be more than happy to coincide with his unanimous-consent request with the understanding that the limitation of 2 hours applies to these separate amendments.

Mr. MANSFIELD. That is correct.

Mr. JAVITS. But if any other Senator has an amendment on the same sub-

ject, he will not, by the unanimous-consent agreement, be inhibited from calling it up.

Mr. MANSFIELD. My answer would be that that could be done; but in order to nail down the understanding, I make the further suggestion, in renewing my request, that for other amendments on the same subject 10 minutes to a side be allowed.

The PRESIDING OFFICER. Is there objection?

Mr. WILLIAMS of Delaware. Mr. President, will the majority leader yield?

Mr. MANSFIELD. I yield.

Mr. WILLIAMS of Delaware. Would that proposal apply to each of the amendments offered in connection with the Saltonstall amendment?

Mr. MANSFIELD. No; we come back to our rule concerning any additional amendments; and there would be 20 minutes to a side.

Mr. WILLIAMS of Delaware. Would not the majority leader think that in the light of all the facts regarding even the pending amendment some time should be allowed on each amendment to the Saltonstall amendment as it is offered? I would be willing to go along with the unanimous-consent request, but to allow the hour of 2 o'clock to arrive and then to vote on those amendments, without Senators having had any explanation prior thereto, would not be sound.

Mr. MANSFIELD. Would the Senator be agreeable to 20 minutes for each amendment, 10 minutes to a side?

Mr. WILLIAMS of Delaware. On each amendment to the Saltonstall amendment? Yes.

Mr. BUSH. Mr. President, I think that is a little thin. Various small amendments will be offered, but I think 10 minutes is a little thin.

Mr. MANSFIELD. The Senator knows that the Senate has spent 6 hours discussing these amendments. What I suggest is in accordance with what the distinguished minority leader suggests. We are trying to reach agreement in an equitable fashion, taking into consideration that we have spent such a long time in debate. It is always possible to get more time if it is needed, I assure the distinguished Senator from Connecticut.

Mr. KEATING. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KEATING. Am I to understand that the agreement provides 10 minutes to a side on amendments which may be offered to the pending amendment?

Mr. MANSFIELD. That is correct.

Mr. KEATING. In addition to the 2 hours?

Mr. MANSFIELD. Yes.

Mr. HICKENLOOPER. I wish to have a clear understanding of the proposed agreement. I have sent to the desk an amendment to be printed and lie on the table. Is that amendment included in the 2 hour general limitation?

Mr. MANSFIELD. That is correct.

Mr. HICKENLOOPER. I am sure it will not be done deliberately, but I hope no Senator will take an hour and 50 minutes on all the rest of the amend-



ments and leave only 10 minutes for my amendment.

Mr. MANSFIELD. We assure the Senator from Iowa that he will get all the time coming to him.

Mr. COOPER. Mr. President, I wish to direct my remarks to the distinguished majority leader concerning the amendment offered by the Senator from Iowa. I may be in error, but my judgment is that if that amendment is adopted, the Senate will have effectively negated what it did last Friday. I hope that the Senator will allow as much as a half hour to each side on this amendment.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COOPER. In a moment.

I will tell the Senator why. This point has not even been suggested. Not one cent could be provided for fiscal 1962 under the committee bill unless the Committee on Appropriations considered the budget offered by the President relating to this bill.

Mr. MANSFIELD. There has been much discussion on that subject this afternoon. The Senator from Kentucky has raised another question. However, it is my understanding that the Comptroller General's office has been consulted, and will be able to give us opinions on the various questions which have been raised this afternoon. I hope the Senator from Kentucky will not press his point, because if it is necessary to get additional time, we will, of course, do what we can to secure it.

Mr. COOPER. Mr. President, the majority leader must know that for the first time in my years in the Senate I have interposed an objection. I do it with great reluctance, knowing of the cooperation of the leadership and of the chairman of the Committee on Foreign Relations. But I should like the majority leader to consider this question. A number of Senators have stood firm with respect to the continuity and adequacy of funds for a period of 5 years.

I have not had a chance to study this proposal in great detail, but I have studied the amendment as best I could while I have been on the floor of the Senate. It occurs to me that at the very beginning it would not be possible to do a single thing for fiscal 1962 until the President's program was considered by the Committees on Appropriations. I may be in error, but that is my judgment. If the amendment is adopted, it may destroy the action taken by the Senate last Friday. As one who voted for the 5-year proposal and has strong convictions about it, I do not want to have this amendment considered in 10 or 15 minutes. If the Senator from Montana will agree to a proposal for 30 minutes to a side, I shall not object; if he will not, I think I shall object.

Mr. MANSFIELD. In view of the request of the distinguished Senator from Kentucky, who rarely makes a request of any sort, and since the Dirksen, Saltonstall, and Fulbright proposals have received lengthy consideration this afternoon, I should like, in response to the suggestion of the Senator from Kentucky, to propose that the debate on

the Hickenlooper proposal be limited to 30 minutes, 15 minutes to a side.

Mr. COOPER. I suggested 30 minutes to a side.

Mr. JAVITS. Will the distinguished majority leader agree to 1 hour, 30 minutes to a side?

Mr. MANSFIELD. All right; 1 hour, 30 minutes to a side.

The PRESIDING OFFICER. Is there objection?

Mr. BUSH. I should like to hear the request. Was it 30 minutes to each side?

Mr. MANSFIELD. Yes.

Mr. BUSH. On the Hickenlooper amendment, the proposal is that there be 30 minutes available to each side; is that correct?

Mr. MANSFIELD. That is correct.

Mr. JAVITS. Mr. President, a parliamentary inquiry: As I understand the request, it calls for 2 hours on each amendment other than the Hickenlooper amendment and all other proposals which may be made in a proper parliamentary way; on the Hickenlooper amendment, 30 minutes to a side; and on all other amendments, 20 minutes to a side. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. PASTORE. Mr. President, will a motion to lay on the table be in order in connection with any of these amendments?

The PRESIDING OFFICER. Yes, a motion to lay on the table will be in order.

Is there objection to the proposed agreement?

Mr. BUSH. Mr. President, reserving the right to object, but I do so only for purposes of clarification, let me ask whether the 10-minute limitation to each side will apply only to amendments pertinent to this group.

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. That is the understanding of the Chair.

Is there objection to the proposed agreement?

Mr. AIKEN. Mr. President, if a motion to lay on the table is made, will it shut off the debate?

Mr. PASTORE. After the time provided in the agreement has run.

The PRESIDING OFFICER. The Chair has stated that a motion to lay on the table could be made at any time.

Mr. MANSFIELD. And such a motion would be in order at any time, would it not?

The PRESIDING OFFICER. Yes, after expiration of the time provided by the proposed unanimous-consent agreement.

Mr. MANSFIELD. Mr. President, I forgot to request that the agreement include a provision that the time be allocated as follows: One-half under the control of the distinguished chairman of the Foreign Relations Committee [Mr. FULBRIGHT] and one-half under the control of the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN].

Mr. AIKEN. Where will that leave the rest of us?

Mr. MANSFIELD. Well, someone has to allot the time.

Mr. AIKEN. Very well.

The PRESIDING OFFICER. Is there objection to the proposed agreement? The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as subsequently reduced to writing, is as follows:

#### UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Tuesday, August 15, 1961, at the conclusion of the routine morning business, the Senate resume the consideration of S. 1983, the Foreign Aid Act of 1961; that on the pending amendment, proposed by Mr. SALTONSTALL (for himself and others), the substitute proposed therefor by Mr. DIRKSEN, as modified, and the perfecting amendment proposed by Mr. FULBRIGHT to the Saltonstall and others amendment, debate thereon, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by Mr. DIRKSEN and Mr. FULBRIGHT.

That debate on an amendment intended to be proposed by Mr. HICKENLOOPER as a substitute for lines 19 to 23 on page 8, shall be limited to 1 hour, to be equally divided and controlled by Mr. HICKENLOOPER and Mr. FULBRIGHT; and that debate on any other amendment relating to the said amendments be limited to 20 minutes, to be equally divided and controlled by the mover of any such amendment and Mr. FULBRIGHT; *Provided*, That no amendment that is not germane to the provisions of said amendments shall be received.

#### EDUCATIONAL LEGISLATION

Mr. MORSE. Mr. President, this morning I had the honor to make a speech at Independence Square, in Philadelphia, to several thousand delegates and their guests at the annual convention of the American Federation of Teachers, AFL-CIO. They have flattered me by sending me a telegram, which was received a few minutes ago, asking that the speech be placed in the CONGRESSIONAL RECORD this afternoon, because they propose to give to it the widest possible dissemination in connection with what I think time will prove to be a very historic controversy over the type of educational legislation which should be passed at this session by Congress.

In view of the fact—as I indicated last Friday night, in the course of the speech I made then on the floor of the Senate—that a variety of compromises is being proposed by various public officials and various groups, I believe it important that this speech go into the RECORD, because it sets forth my position in regard to this controversy. In the speech I sought to make clear that the rights of small boys and girls attending public schools in America should not be placed in a trading mart, and that I shall never be a party to any compromise of political expediency or any compromise of educational principle or any compromise of the rights of these small boys and girls who attend public schools.

I also made clear at Independence Square in Philadelphia this morning—which I think was a particularly appropriate setting for a discussion of some basic constitutional principles and rights that are involved in this education controversy—that, in my judgment, the Congress of the United States, as I said last Friday in the Senate, should go forward in passing the Kennedy education pro-



tion meet some of its critical defense and security needs.

However, I take the position that the private school advocates have no moral right to use whatever political power they may have in an attempt to block the passage of a public school aid bill, such as S. 1021, unless and until the Congress passes a Federal aid bill for private schools to their liking. This is an issue and a tactic they never should have raised, and if they persist in it, then it must be met in accordance with the democratic processes that form our system of self-government. I say that as one who stands ready to be of assistance to the meeting of the legitimate rights and needs of the private schools of America.

I well know, as you do, the great contribution that the private schools make every day of the school year to all the taxpayers of the United States. In my debates on this subject matter in the Senate, I frequently point out to my colleagues that if on a given day all the private schools of America were automatically closed and the next day all their students appeared at the doors of the public schools for admission, then the taxpayers would have a very clear understanding as to the great contribution that the private schools make to our educational system, both in dollars and in service, every day of the school year.

However, there is no escaping certain constitutional limitations that confront the private school administrators of the country. The first amendment isn't repealed simply because private school administrators would like to wish it away. I think we all know very well that the first amendment isn't going to be repealed. As for me, let me make clear that as an old constitutional law teacher, I agree that it should not be repealed. Neither should it be circumvented or ignored. However, the first amendment, with its separation of church and state doctrine, was never intended to prevent governmental assistance to legitimate public services of private schools.

I do not intend to walk out on my understanding and teachings of constitutional law just because I walked into politics. I am satisfied that the Federal Government can be of assistance to nonreligious activities of private schools within the framework of our recognized constitutional limitations if all groups in our society will face up to the constitutional realities involved and substitute their obligations of citizen-statesmanship for personal feeling, selfish interests and religious bias.

To that end, I shall continue to work for a program of sound Federal aid to education legislation, such as is encompassed in S. 1021, S. 2345, and S. 1726. But once again, I wish to make clear that I am not going to trade off the rights of the school boys and girls in the public schools of America and the taxpayers who support those schools for any political demand in respect to taking action first or concurrently on legislation affecting private schools.

I point with great pride to the educational statesmanship of a group of great Catholic Senators in the U.S. Senate. It is my advice and recommendation that advocates of private school education follow the leadership and statesmanship in this field of Federal aid to education so clearly charted by such Catholic Senators as MANSFIELD, of Montana; MUSKIE, of Maine; MCCARTHY, of Minnesota; McNAMARA and HART, of Michigan; SMITH, of Massachusetts; PASTORE, of Rhode Island, and CHAVEZ, of New Mexico. They all supported the public school Federal aid to education bill, S. 1021, and let me say that their objectivity and statesmanlike assistance to my committee has not only been helpful, but I think presages well for ultimate success in the passage of a Federal aid to education program in this or the next session of Congress that will encompass

sound legislation for public schools in a separate bill, sound legislation for a national defense education program in a separate bill, sound legislation for higher education in a separate bill, and sound legislation for private schools in a separate bill.

It is for such an education program that I shall continue to work in the Senate, refusing to be diverted from the course of trying to meet the needs of the school children and taxpayers of America, irrespective of the proposals for compromise of principles for political expediency and political surrender that may be dangled as legislative bait before our eyes. I shall continue on the course that I have chartered, because I am convinced that the facts support me, sound constitutional principles support me, the best public interest supports me, and further, the best way to stop the shocking waste of the intellectual potential of thousands of American boys and girls demands the enactment of such an educational program.

Further, let me make clear that the program which I have outlined to you is the program which this administration has clearly outlined and promised to the American people. I have every confidence that eventually the administration will be sustained as it deserves to be sustained by the passage of legislation that will implement the program. Strengthening of the public schools does not weaken the private religiously oriented schools; on the contrary, it provides a standard by which the contribution of the private schools to our plural society can be measured and properly evaluated. It may mean a careful rethinking on the part of many parents as to when and for what period children should be placed in the religiously oriented schools, but it cannot mean the demise of the private school for the reason that a great many parents are devoted to the private school values and are willing to make the financial sacrifices necessary to preserve these values.

But because these religious values are peculiar to each denomination, it is most inappropriate, and in my judgment, unconstitutional, for the State to subsidize, through grants, any church related educational institution.

Loans to special interest groups which do not involve an element of subsidy, I would make freely available, but if and only if, such loans are repaid with interest. I support these loans on the same basis as I support farm credit loans, or rural electrification loans, for worthwhile production purposes. But as long as the first amendment stands, as now interpreted, grants from the public funds should not be given by the Congress.

As you know, the Senate Committee on Labor and Public Welfare has reported the National Defense Education Act amendments of 1961 to the Senate.

Significant modifications and extensions of the NDEA programs have been recommended in an effort to achieve the purposes of the act. Among these changes are several which may be of particular interest to many of you, since they bear upon the tools you use in the classroom.

The committee, for example, was impressed by the need to add the subject of English to the existing science, mathematics and modern foreign language purposes of the act.

The effect of this will be to permit English teachers to buy for use in the classroom equipment and teaching aids which are not now, in many instances, available because of budgetary considerations. In addition, such teachers may attend short summer institutes to improve their skills and in so doing, they are eligible to receive stipends of \$75 a week plus \$15 per week for each dependent.

Again, a new title, added to the act, should mean a significant start can be made to in-

crease the library services of our elementary and secondary public schools. You share with the committee, I am sure, the belief that good school libraries are an essential ingredient of any teaching program. It is a sad commentary upon our national support for public education that over 10 million elementary students and 600,000 high school students are enrolled in schools with no school libraries at all. Costs of library materials have increased rapidly making it evident that support from public funds for this purpose is urgently needed. The \$30 million a year, 4-year program of S. 2345, it is our hope, will provide a substantial impetus to this program.

Many of you may be interested in the title II provisions, governing the student loan program. The committee has broadened the scope of the program to permit teachers to borrow money to attend summer schools and to participate in the loan forgiveness feature of the act now applicable to full-time students only. It is our belief that by extending this financial aid and incentive to teachers, you will be encouraged in your programs of professional development. Many other areas of NDEA operation were strengthened by the committee including the guidance and testing section, the audio-visual training programs, its authorization for the purchase of test-grading equipment as well as areas of particular interest to institutions of higher education.

In my judgment you will find S. 2345 worthy of your support. It is my hope that you will communicate your support for it and for the public school bill to your Congressmen, impressing upon them the value of these bills to your own schools and school districts.

Do not forget that the opponents of our school systems are vigorous, articulate, and well financed. They seek through the press and through letter-writing campaigns to create an atmosphere inimical to this legislation. You as teachers, individually and through your organizations can do much to counter the attack by speaking and acting to convince and persuade in your home towns and cities the great bulk of our citizens who are in favor of these programs but who have not voiced their beliefs to the Congress.

It has been said that America is a melting pot, an open society, and an exponent of plural values. This is, in part, the strength of our political, social, and economic system. We do, however, place primary value upon the general agreement we share which lies beneath our surface differences.

It is a commitment to the belief that ideas and ideals are important; that every man and woman has the God-given right to speak the truth as he sees the truth; and that, as a result of this public discussion, agreement upon common public policy can be achieved. As community leaders, as men and women devoted to the values of Western European civilization, your duty, responsibility, and personal inclination to achieve the goals of your profession all serve to fit you to accomplish great things in educating the children entrusted to you and in the process of working with the parents of those children, rekindling their interest in building the best and soundest public school system the world has ever known.

In closing, I wish to thank you from the bottom of my heart for the great honor you have bestowed upon me today by awarding me your Merit Award.

However, I have no right to accept it in my own behalf. Whatever I have accomplished in the field of education legislation in the Senate is because of the wonderful cooperation I have received from all the members of my subcommittee, including the dedicated help at all times rendered to the committee by my close and good friend and colleague, Senator CLARK, of Pennsylvania. Likewise, the members of the full Labor Committee of the Senate, whose chairman is



the incomparable Senator from Alabama, LISTER HILL, deserve great credit for whatever we have been able to do over the years in the field of education and health legislation.

Not only they, but the leadership of the Senate, including our very able majority leader, Senator MIKE MANSFIELD, of Montana, deserves to share this honor with me today.

Also, all those in the Senate who have given support to S. 1021 and other legislation that seeks to have the Federal Government fulfill its share of responsibility to the educational needs of the country should be included in my acceptance of this honor. Therefore, in their behalf and in mine, I accept this award from the bottom of our hearts, and I shall cherish it very much.

#### FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mrs. SMITH of Maine. Mr. President, three specific considerations have influenced my decision to support the proposals of S. 983 with respect to authorization and appropriations for the fiscal year 1962 military assistance program.

First, I am persuaded that this program is indeed an integral and essential part of our total defense posture and global strategy. I accept that fact that our own military plans take into consideration the role we expect allied forces to play in both self and common defense. I recognize the risk of placing even partial reliance on their contribution to free world collective security unless they are adequately trained and equipped for their respective missions.

Therefore, even though I feel very strongly that some of our allies should and can assume more responsibility for the development of their own military capabilities, I believe we cannot settle for the most they will do.

Rather, I am convinced that our national security interests require us to provide them with the military equipment and training necessary, over and above their own efforts, to make their armed forces so combat effective as to be a reliable adjunct to our own military strength in mutual support of a totally adequate free world defense posture.

Second, having reluctantly accepted this premise, I can only conclude that we must grant the authority and appropriate the funds essential to fully effective use of the military assistance program as an instrument of national policy. Toward that end, I endorse the request for continuing authorization for military assistance.

Not only do I believe that the past effectiveness of the program has been limited by lack of such authorization, but I am confident that its future contribution, as well as its efficiency and economy of operation, will be substantially enhanced if it can be planned on a long-term basis.

No private business could be prudently and successfully managed under restrictions such as those which have

applied to the military assistance program. Forward planning is even more necessary in a multinational undertaking which involves both policy decisions by other sovereign governments and budgetary action in fiscal cycles which do not always coincide with our own.

The leadtime required for the production, procurement, and delivery of military equipment, as well as for training allied military personnel in the use and maintenance of advanced types of weapons, further underscore the wisdom of providing the continuing authorization essential to maximum effective use of military assistance in strengthening the defense capabilities of our free world allies.

It is equally essential to the attainment of this objective, which is so very closely related to our own national security, that adequate funds be made available for military assistance. Current efforts to improve our own military posture cannot be fully successful if one part of our total plan for free world defense is weakened while the other parts are built up.

If we fail to appropriate the amount required to prepare our allies for the role we expect them to play in that common defense, the United States will be deprived of their full potential military support at a time when it may be needed as never before.

Our highest ranking military men and civilian officials have testified before committees of the Congress that \$1.885 billion is a minimal estimate of that amount. I have studied their testimony and the proposed program and found no major reason to disagree with them.

In the meantime, however, the Foreign Relations Committee has concluded its hearings and, after careful deliberation, has reported out a bill in which the amount proposed for military assistance has been reduced to \$1.8 billion.

I am fully convinced that any further reduction would not be in the best interests of the United States—that no less an amount will serve to promote those security objectives of the United States which depend for their attainment on the military assistance program.

Third, I have given special attention to the administration's request, set forth in section 510 of the proposed International Peace and Security Act of 1961, that authority be granted to the President to order the drawdown of defense articles and services for the provision of additional military assistance in cases of emergency where he determines such action to be vital to the security of the United States.

In the light of present world conditions, it seems clear to me that the granting of such authority is absolutely essential in our own national interest and in that of free world common defense.

It will provide the means whereby the Department of Defense may make maximum use of the military assistance program in responding promptly and effectively to an emergency situation in which an aggravated military threat to one of our allies generates an urgent requirement for the expedited delivery of mili-

tary assistance not previously programmed for that country.

It is most likely that one or more such emergency situations will confront us between now and the end of the fiscal year. We are already faced with an issue of the utmost gravity at West Berlin. Past experience points to the probability that the Communists will follow their long established pattern of engineering concurrent crises at the times and places of their choice.

The military assistance program is an instrument of unique and proven efficacy in dealing with such crises. It must continue to be immediately and fully available for similar use in the future. The very fact that the \$1.8 billion presently proposed for its implementation in fiscal year 1962 is less than the minimal estimate of foreseeable normal requirements emphasizes the need for the flexibility provided for in section 510.

The amount of drawdown authority requested by the administration is \$400 million. The bill reported out by the Foreign Relations Committee reduces this amount by half—to \$200 million. Certainly no less an amount—to be used only in the case of emergency and by direction of the President—will make it possible for the United States to come swiftly and persuasively to the aid of threatened allies by giving them the means to defend themselves.

We can, and must afford ourselves this vital margin of safety which offers the best possible guarantee against having to honor our mutual defense commitments and protect our own security interests by engaging American forces on foreign soil.

#### "UNCLE SAM" WILSON, OF TROY, N.Y.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily and that the Senate proceed to the consideration of Calendar No. 661, Senate Concurrent Resolution 14. I may inform the Senate, before it is stated by the clerk, that the concurrent resolution has been cleared by the minority leadership, the Senators from New York [Mr. JAVITS and Mr. KEATING], and the Senator from Indiana [Mr. HARTKE].

The PRESIDING OFFICER. The concurrent resolution will be stated.

The LEGISLATIVE CLERK. A concurrent resolution (S. Con. Res. 14) saluting "Uncle Sam" Wilson, of Troy, N.Y., as the progenitor of America's national symbol of "Uncle Sam."

The PRESIDING OFFICER. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. KEATING. Mr. President, I express my gratitude to the distinguished majority leader for bringing up this concurrent resolution.

Senate Concurrent Resolution 14, recognizing "Uncle Sam" Wilson of Troy, N.Y., as the progenitor of America's national symbol of "Uncle Sam," deserves favorable consideration by the Senate.



The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The Clerk read the bill, as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 23(c) of the District of Columbia Alcoholic Beverage Control Act, as amended (48 Stat. 332; sec. 25-124(c), D.C. Code), is hereby repealed.*

Sec. 2. Section 23(d) of the District of Columbia Alcoholic Beverage Control Act, as amended (48 Stat. 332; sec. 25-124(d), D.C. Code), is renumbered as section "23(c)" and as so renumbered is amended to read as follows:

"(c) Said taxes shall be collected and paid in the following manner:

"(1) Each holder of a manufacturer's or wholesaler's license shall, on or before the tenth day of each month, furnish to the Commissioners or their designated agent, on a form to be prescribed by the Commissioners, a statement under oath showing the quantity of beverage subject to taxation hereunder sold by him during the preceding calendar month and shall, on or before the fifteenth day of each month, pay to the Commissioners or their designated agent the tax hereby imposed upon the quantity of beverages subject to taxation hereunder sold by him during the preceding calendar month.

"(2) No licensee holding a retailer's license shall transport or cause to be transported into the District of Columbia any beverages subject to taxation hereunder other than the regular stock on hand in a passenger carrying marine vessel operating in and beyond the District of Columbia, or a club car or a dining car on a railroad operating in and beyond the District of Columbia, for which a retailer's license, class C or D, has been issued under this Act, unless such licensee has first obtained a permit so to do from the Alcoholic Beverage Control Board. No such permit shall issue until the tax imposed by this section shall have been paid for the beverages for which the permit is requested. Such permit shall specifically set forth the quantity, character, and brand or trade name of the beverage to be transported and the names and addresses of the seller and of the purchaser. Such permit shall accompany such beverages during transportation in the District of Columbia to the licensed premises of such retail licensee and shall be exhibited upon the demand of any police officer or duly authorized inspector of the Board. Such permit shall, immediately upon receipt of the beverage by the retail licensee, be marked 'canceled' and retained by him.

"(3) The Commissioners are authorized and empowered to prescribe by regulation such other methods or devices or both for the assessment, evidencing of payment, and collection of the taxes imposed by this section in addition to or in lieu of the method hereinbefore set forth whenever in their judgment such action is necessary to prevent frauds or evasions."

Sec. 3. Sections 23(e), 23(f), 23(i), and 23(j) of the District of Columbia Alcoholic Beverage Control Act, as amended (48 Stat. 332; secs. 25-124(e), 25-124(f), 25-124(i), and 23(j), D.C. Code), are repealed, and sections 23(g) and 23(h) of said Act are renumbered as "23(d)" and "23(e)", respectively.

Sec. 4. Section 23(k) of the District of Columbia Alcoholic Beverage Control Act, as amended (48 Stat. 332; sec. 25-124(k), D.C. Code), is renumbered as "23(f)" and as so renumbered is amended as follows:

By striking the words "of subsection (a), (c), (e), and (i)," from the first sentence, and by amending the last sentence to read as follows: "Each holder of such a license shall, on or before the tenth day of each month, forward to the Board on a form to be

prescribed by the Commissioners, a statement under oath, showing the quantity of each kind of beverage, except beer and nontaxable light wines, sold under such license in the District of Columbia during the preceding calendar month and such statement shall be accompanied by payment of any tax imposed under this Act upon any such beverages set forth in said report."

Sec. 5. Nothing in this Act shall be construed as requiring the payment of any further tax on beverages to which stamps have been lawfully affixed under provisions of prior law.

Sec. 6. The Commissioners or their designated agent are authorized to redeem any unused stamps issued under the provisions of prior law or to accept same in payment of tax shown due on a monthly return.

Sec. 7. Nothing in this Act shall be construed so as to affect the authority vested in the Board of Commissioners of the District of Columbia by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Board of Commissioners or in any office or agency under the jurisdiction and control of said Board of Commissioners may be delegated by said Board of Commissioners in accordance with section 3 of such plan.

Sec. 8. This Act shall take effect on the first day of the calendar month beginning not less than sixty days after the date of approval of this Act.

The SPEAKER. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 4, line 6, strike out "(1)" and insert "(i)".

The committee amendment was agreed to.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 11, strike out "nontaxable light".

The committee amendment was agreed to.

Mr. HARSHA. Mr. Speaker, will the gentleman yield?

Mr. McMILLAN. I yield.

Mr. HARSHA. There seems to be some ambiguity about the wording of this amendment. I would like to have the intent of the committee clarified. The amendment, as I understand, reads that such license number must be affixed at the time of sale of such spirits by the retailer. Is it the intention of the committee that this amendment means that at the time that any of those spirits are offered for sale or placed on the counter or displayed that they shall bear this license number?

Mr. McMILLAN. That is the intention of the committee.

Mr. HARSHA. It seemed ambiguous to me, and I would like to offer an amendment to the committee amendment on page 4, line 24 after the word "of" insert "display or". I think that will make it clear that our intention is that when any of this merchandise is offered for sale or displayed it should have on it the license number.

Mr. McMILLAN. I would be inclined to accept the gentleman's amendment.

The SPEAKER. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 4, line 16, insert:

"Sec. 5. Section 23 of the District of Columbia Alcoholic Beverage Control Act (D.C.

Code, sec. 25-124) is further amended by adding at the end of thereof the following new subsection:

"(g) The Commissioners are authorized to require that the immediate container of each beverage subject to tax under this Act contain the license number of each licensee who sells or offers for sale such beverage. Such license number must be affixed at the time of sale of said spirits by the retailer. This subsection shall not apply to spirit containers of less than two ounces."

Mr. BURKE of Kentucky. Mr. Speaker, I move to strike out the last word.

May I inquire of the chairman, is it true that since other provisions of existing law already cover the sale of beer and wine, the instant legislation applies only to the sale of spirits?

Mr. McMILLAN. That is correct. Under the District of Columbia Code 25-103(b), the word "spirits" means any beverage which contains alcohol obtained by distillation mixed with drinkable water and other substances in solution, including brandy, rum, whisky, cordials, and gin.

Neither beer nor wine is included in the above categories.

Mr. BURKE of Kentucky. I thank the chairman.

Mr. HARSHA. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. HARSHA of Ohio to the committee amendment: On page 4, line 24, after the word "of" the first time it occurs, insert the following, "display or",

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McMILLAN. Mr. Speaker, the purpose of this bill is to amend the District of Columbia Alcoholic Beverage Control Act so as to provide for the payment of District of Columbia alcoholic beverage taxes—other than wine and beer—by means of a reporting or affidavit method in lieu of the present tax stamp method.

The reporting method has always been used in the District of Columbia for the collection of such taxes on beer and, since the latter part of 1958, the collection of such taxes on wine has been by the reporting method—Public Law 85-558. In other words, H.R. 256 provides for the payment of the tax on spirits by a monthly reporting system in precisely the same manner as is now provided for beer and wine.

The present tax-stamp method of collecting alcoholic beverage taxes is prescribed under provisions contained in the Alcoholic Beverage Control Act, as amended April 30, 1934—Public Law 191, 73d Congress. This act—and regulations promulgated thereunder—stipulates that the alcoholic beverage taxes shall be collected by the Collector of Taxes by means of suitable tax stamps issued and sold by him, which stamps shall denote contents and payment of the tax and be affixed to the immediate beverage con-



tainer. The tax stamps, prepared from steel engravings, are secured from the U.S. Bureau of Engraving and Printing and are sold by the Collector to licensed dealers, for cash or certified check, upon orders—applications—issued by the Alcoholic Beverage Control Board to be placed on each individual bottle. Under present regulations, upon purchase of stamps, the licensed retailers are subsequently required to stamp, by means of indelible ink, their license number on each stamp purchased, as well as on stamps affixed to beverages received from local wholesalers and distributors.

Testimony adduced at the hearing on this proposal on June 7, 1961 showed that during the fiscal year 1961, the District of Columbia purchased, handled, sold, and distributed 44,776,100 excise stamps for distilled spirits. These stamps are sent to distillers in the United States, Canada, and Great Britain, where they are hand applied to 44,776,100 bottles. When these bottles are received at the retail level in the District of Columbia, retailers are then required within 24 hours to hand-stamp their serial number on the stamp. This entails another 44,776,100 individual applications. The industry estimates that these burdensome operations cost it several hundred thousand dollars per year in labor alone.

In order to provide for the payment of District of Columbia alcoholic beverage taxes by a reporting method in lieu of the present tax-stamp method, the bill specifically provides that each holder of a manufacturer's or wholesaler's license shall, on or before the 10th day of each month, furnish to the Commissioners, on a form to be prescribed by them, a statement under oath showing the quantity of beverage subject to taxation sold by him during the preceding calendar month and shall, on or before the 15th day of each month, pay to the Commissioners the tax imposed upon the quantity of beverages subject to taxation sold by him during the preceding calendar month.

The bill also contains a provision to cover the particular situations of passenger-carrying marine vessels and club cars and dining cars on a railroad operating in and beyond the District of Columbia.

The Commissioners are authorized to prescribe by regulation such other methods or devices for the assessment, payment, and collection of such taxes in addition to or in lieu of the method set forth in this proposal whenever, in their judgment, such action is necessary to prevent frauds or evasions.

The bill further provides that each holder of a manufacturer's or wholesaler's license shall, on or before the 10th day of each month, forward to the Alcoholic Beverage Control Board on a form to be prescribed by the Commissioners, a statement under oath, showing the quantity of each kind of beverage, except beer and nontaxable light wines, sold under such license in the District of Columbia during the preceding calendar month and such statement shall be accompanied by payment of any tax imposed upon such beverages set forth in said report.

Section 506(a) of Public Law 591, 83d

Congress, approved August 16, 1954, Internal Revenue Code of 1954, provides that the taxes on distilled spirits, wines, rectified distilled spirits and wines, and beer shall be paid by return, with a proviso that notwithstanding this subsection, the taxes shall continue to be paid by stamp until the Secretary of the Treasury or his delegate shall by regulations provide for the payment of the taxes by return.

Under the above cited authority, on June 24, 1959, the Federal Government abandoned the use of revenue stamps and established a reporting method for the collection of Federal revenue on distilled spirits. In testimony before the subcommittee of the Committee on Appropriations, House of Representatives, on Treasury-Post Office Departments Appropriations for 1961, on February 2, 1960, Commissioner Dana Latham, of the U.S. Internal Revenue Service, stated:

We feel that the transition (from stamps) has worked remarkably well and has been very smoothly accomplished.

Your committee feels that one collection method for all alcoholic beverages is better than two systems which now exist in the District of Columbia.

Proponents of this measure submitted to the committee at the hearing a list of open license States which use a reporting system instead of tax stamps in collecting taxes on alcoholic beverages, as follows: Alaska, Arizona, California, Colorado, Connecticut, Hawaii, Illinois, Kansas, Kentucky, Massachusetts, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, and North Dakota.

The monopoly States which do not require stamps of any kind are: North Carolina, Ohio, Vermont, Virginia, Washington, and Wyoming.

The States of Delaware and Rhode Island require tax prepayment but no stamps.

The Alcoholic Beverage Control Board has advised the Committee that during fiscal year 1961 revenue was received from the industry as follows:

2,418 licenses .....	\$1,116,441.02
Tax stamps (whisky) .....	4,878,741.25
Tax on beer .....	783,470.43
Tax on wine .....	655,057.59
Tax on alcohol .....	715.00
Total .....	7,434,425.29

The Finance Office states that the estimated sales tax on all alcoholic beverages for fiscal year 1961 was \$1,725,000.00 for a grand total of \$9,159,425.29.

The District of Columbia government estimates that enactment of this legislation would result in an increase of alcoholic beverage control administration of \$36,218.00. However, the Committee is of the opinion that this additional cost would be partially offset by savings effected by elimination of the tax stamps, which during fiscal year 1961 amounted to \$14,996.00.

Mr. Speaker, that concludes the business of the Committee on the District of Columbia.

#### MUTUAL SECURITY ACT OF 1961

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call

up House Resolution 414 and ask for its immediate consideration.

The Clerk read the resolution as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed eight hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, House Resolution 414 provides for the consideration of H.R. 8400, a bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes. This legislation, in my opinion, is essential to preserve our Nation's freedom and world peace as any bill enacted by the Congress in former years either in times of war or peace. This resolution provides for an open rule, waiving points of order, with 8 hours of general debate.

H.R. 8400 replaces the existing Mutual Security Act and constitutes a complete revision of the basic legislation governing the provisions of U.S. assistance, both military and economic, to foreign countries. It is the result of a critical, comprehensive and independent review and evaluation of today's problems of national security and foreign policy. It changes the operation and legislation and the organization which have governed the supervision of U.S. foreign aid and assistance.

This bill, authorizing a comprehensive program of assistance to other countries, contains four parts, the first two of which are designated as "acts," each bearing a short title.

Part I, to be cited as the "Act for International Development of 1961," provides the authorization for programs of economic assistance to other nations.

Part II, with the short title "International Peace and Security Act of 1961," authorizes military assistance to foreign countries.

Parts III and IV do not bear short titles and include a variety of general, administrative, and miscellaneous provisions applicable to the foreign assistance program generally, including parts I and II.

The entire bill, including the Act for International Development of 1961 and



the International Peace and Security Act of 1961, is designated the "Mutual Security Act of 1961."

Since the close of World War II, the United States has succeeded in turning back communistic aggression in many countries and has thwarted Communist aggression and infiltration in neutral and backward countries. Our mutual aid program during these years has been responsible for the economic recovery of France, West Germany, Italy, and other nations who have been victims of bombs and cannons of the last world war.

This program has also helped a number of undeveloped nations and areas throughout the world to expand their resources and improve their living standards. The future world will be grateful to the U.S. Congress and the executive department for their cooperation during the last 15 years in curbing and halting the progress of international communism. Our mutual aid and security programs have relieved the economic pressures and the internal subversions used by the Soviets in their attempt to bring under their domination peoples now free and independent. Our mutual security program has been a great aid and comfort to the freedom-loving people living in nations who were once free but now under the yoke of communistic tyranny. In addition to nations that have now recovered from the shock of war and the immediate grasp of the Kremlin, it is highly necessary through this legislation, to help other friendly and helpless nations who have recently won their independence to defend themselves against aggression and contribute to the security of the free world. These newer nations are now striving to establish themselves so they can assume an equal station among the free nations of the world and to fulfill their responsibility for self-government and independence.

One need only reflect back to the cooperation and sacrifice which our Nation made during the last 15 years through such programs as aid to Greece and Turkey and to other war-torn nations of Europe, Korea, the Philippines and the new nations of southeast Asia, to the great aid programs we gave to India and Pakistan and other security arrangements throughout the world to realize that future generations will some day thank us for the sacrifice we made in saving the world against Communist enslavement.

Older Members of Congress can well remember the testimony that General Eisenhower gave before the House Foreign Affairs Committee back in the days before he became President of the United States. General Eisenhower at that time stated if it had not been for these above-mentioned foreign aid programs, all Europe and most of Africa and Asia would be Communists today. That statement was made over 10 years ago.

#### CALL OF THE HOUSE

Mr. HALEY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently, no quorum is present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 147]

Anfuso	Harrison, Va.	Moulder
Ashbrook	Healey	Osmer
Ashley	Hoeven	Powell
Bass, N.H.	Hosmer	Rabaut
Betts	Jarman	Riehlman
Boykin	Jonas	Rivers, S.C.
Buckley	Jones, Mo.	Roberts
Byrnes, Wis.	Kilburn	Roudebush
Cannon	King, Utah	Rousset
Coad	Kirwan	St. Germain
Cramer	Kluczynski	Saund
Dooley	Lesinski	Slack
Dulski	McCulloch	Staggers
Ellsworth	McSweeney	Steed
Finnegan	Macdonald	Wickersham
Fino	Mason	Willis
Glenn	Miller, N.Y.	Wilson, Ind.
Halleck	Minshall	Winstead

The SPEAKER pro tempore (Mr. BROOKS of Texas). On this rollcall 377 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### MUTUAL SECURITY ACT OF 1961

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I yield myself 8 additional minutes, following which I shall yield 30 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. Speaker, the present bill under consideration, is a well thought out, streamlined effort to simplify our mutual security program over a longer term of years than the former operation which was based on year-to-year financing and which has proven to be costly and wasteful. We have learned that international long-term development cannot be achieved on the basis of annual planning on our commitments. The present legislation calls for a 5-year development program based on the appraisal for the needs of the immediate and distant future.

President Eisenhower and Secretary Dulles proposed the establishment of a similar development loan fund to extend over a period of several years and the President 4 years ago told the Congress that this method of financing was well suited to the character of this type of international operation.

We will hear a great deal of opposition during the debate on this legislation concerning this method of financing of the international development program over a 5-year period. Secretary of the Treasury, Douglas Dillon, one of the most outstanding recognized experts on international finance, along with the members of the National Advisory Council on International Monetary Problems of which he is Chairman, studied, reviewed, and approved the aspects of this proposed method of financing and operating this international security program.

We are also going to hear a great deal during debate about "back-door financ-

ing" and judging from some of the speeches which will be made, one would think that this method of financing Government projects started in this session of Congress. Secretary Dillon testified before the House Foreign Affairs Committee that this method of financing was used by the Hoover administration when the Reconstruction Finance Corporation was formed, using the same identical borrowing authority. He also testified that there had been some 25 different agencies of the Government where Congress has authorized the use of this particular authority and method of financing and most of them are still being used today. On page 604 of the House hearings on this legislation, the Secretary inserted for the record, 26 different Government departments on programs including the Commodity Credit Corporation, Federal Deposit Insurance, Federal Home Loan Banks, House and Home Finance Agency, Rural Electrification, Public Housing, TVA, International Monetary Fund, and 18 other Federal programs operating under the identical methods of financing as is proposed in this bill.

In 1951, during the 81st Congress, General Eisenhower, when he was president of Columbia University, testified before the Senate Appropriations Committee and at that time, expressed himself emphatically against 1 year financing and programming on projects which are of great magnitude and will extend over a long period of time.

Mr. Speaker, under unanimous consent I insert the exact words used by General Eisenhower in his testimony 10 years ago on this financing question which will be so much in dispute during the next few days in this debate:

As to the time it is going to take to get a better position in the world than we have now, I do not think anybody could guess. But I did state, I believe, in my testimony, that we should calculate these budgets on the fact that they are going to have a plan of indeterminate length. The worst thing you can do with a military establishment, or anything of that size, is to put your appropriation at one level one year, at another level the next year, and then suddenly get frightened and put it at a much higher level. You have got to find a place where you expect to stabilize it, because then you will operate economically and with the least cost for waste. But if you are constantly discharging men, laying up equipment, and then the next year making increases because you are a little bit more frightened, it will not work. We have got, therefore, to couch these budgets and our plans in the long-term view. The long-term outlook today is not good, as we all know, but on the other hand it is not hopeless. We are strong, and the free world gets steadily stronger.

I noticed that in one of the minority opinions filed by some members of the House Foreign Affairs Committee, they term this method of financing as an unprecedented flexibility, given the executive branch in the administration and management of this program.

The above history of this type of financing is not unprecedented but has been utilized and effectively applied since Herbert Hoover's administration.



H.R. 8400 contains 98 printed pages and sets out in detail all the provisions pertaining to the two principal parts to wit: Part I, the international development section of the bill and part II, the military aid section of the bill.

The chairman and members of the House Foreign Affairs Committee should be commended for the long hours of work and diligence which they contributed in holding hearings over a period of 4 weeks. The printed hearings are made up of 1498 pages containing the testimony of Secretary of State Rusk, Secretary of the Treasury Dillon and numerous other Federal officials who have long experience in conducting this complicated mutual security program. Various organizations, including labor, League of Women Voters and both business and industrial groups expressed their opinion in the printed hearings of this legislation. Members of Congress should make every effort to read as many of these testimonials from the hearings as possible.

The greatest organized threat in the history of the world to enslave mankind is international communism. The United States is the leader of the free world and unless the nations of the free world governments are united to curb, combat and destroy international communism, future generations will be living in enslaved states similar to the captive nations of Central Europe and in other areas throughout the globe where the Communists have succeeded through infiltration and aggression to overthrow free government and install their tyranny over liberty-loving peoples. Although this program involves a financial sacrifice upon the people of our country, the issue is not a question of whether our Nation can afford this international development and military aid program, but the question is can we afford to allow communistic tyranny to run rampant and enslave other nations until we eventually find ourselves a small bastion of free people in a sea of world communism.

I hope this legislation is enacted with very minor changes from the original bill.

Mr. BROWN. Mr. Speaker, I yield myself 8 minutes.

(Mr. BROWN asked and was given permission to revise and extend his remarks.)

Mr. BROWN. Mr. Speaker, I have listened with a great deal of attention to the statement made by my colleague, the gentleman from Indiana, relative to this rule and the bill which it makes in order. This rule waives all points of order, and grants 8 hours of general debate on H.R. 8400 under an open rule, the so-called foreign-aid authorization bill.

I think, in the very beginning, it might be well to stop and look at the record a moment. I would like to urge you, if I may, each and every one of you, if you have not done so to take the time to read and to ponder over some of the sections contained in this 98-page bill, and to read the report of the committee, including the various minority reports, which have been supplied to each Member of the House. If you do this, you will

find this bill carries more authority and more spending than any bill which has ever come before us in connection with foreign aid matters.

Let me say in the beginning, we have had a foreign aid program now for 15 years, and when the Committee on Foreign Affairs was before the Committee on Rules, I asked for information, because I wanted to learn as much as I could about this measure, and I must frankly state, without any reflection on my colleagues or on any member of that committee, that it was difficult to get any definite information.

It was impossible to find out, for instance, all of the great number of different alphabetical organizations we have had to supply American aid to foreign countries, which, from year to year, were changed like call letters of radio stations.

It was agreed, I believe, in the Committee on Rules by those who were questioned, as well as those who asked questions, that originally we were told we would only have to furnish aid to foreign countries for 1 year, and then it was for 2 years, and then for 3 years. Now we are being told there is no time limit. That is the testimony of the chairman of the Committee on Foreign Affairs, that there can be no time limit now placed on foreign aid, which may run for many, many years to come, and that no one can figure the total cost. It was agreed and understood, in the Committee on Rules, that this bill carries authorizations of \$4,355 million. But, of course, it was pointed out, and agreed to in the hearings before the Committee on Rules, that this huge amount does not include all that is in this bill, or all that will be spent for foreign aid purposes, because it does not include many of the expenditure items that are paid out through the United Nations; from appropriations to the State Department—it does not include huge payments made out of the various types of banks now loaning and furnishing funds for foreign aid purposes to different countries, and to different groups.

No one was able to tell us in the Committee on Rules, and I defy anyone to take this bill and ascertain it, what the total cost of foreign aid will be under this bill, and under other legislation already in existence.

But, there are some peculiar provisions in this bill besides the \$4,355 billion authorization carried in the bill. There is also included an authorization for the President to go directly to the Treasury and present a Presidential note, as it were, and to borrow from the Treasury, without any appropriation by the Congress, notwithstanding the provision of the Constitution of the United States, that all funds drawn from the Treasury must be drawn through appropriation by the Congress, a total of \$8.8 billion. Call it back-door spending or whatever you please, this huge amount of money can still be taken from the Federal Treasury without any direct appropriation by the Congress, or any review by the Congress.

It is true that out of this \$8.8 billion set up in this bill for future loans over the 5-year period—loans and grants I might add—that \$1.5 billion, or \$300

million a year, is to be derived, under provisions of the bill, from moneys paid back into the Federal Treasury on loans we have made in the past. When we were asked to enact legislation originally, providing for the making of these loans to foreign countries, we were told the payments thereon would come back into the Treasury to reduce the national debt that had been incurred in order to meet our original foreign-aid loans.

That reminds me, if I recall the testimony before the Committee on Rules correctly, the chairman of the committee advised us that some \$86 billion of our taxpayers' money had been spent since 1947 in direct foreign aid. In addition to the expenditure of \$86 billion, the chairman of another committee informed us that the interest on the debt we have incurred to furnish such foreign aid is costing us right now \$3 billion a year.

So the total cost of foreign aid, up to date, runs somewhere well over \$100 billion; and, of course, there is this new enlarged program before us. Those who believe in foreign aid tell you it is all worth while, despite there has been wasteful extravagance in the program, but nonetheless it has been worth while. Let us look at the record and see what it shows. When we passed our first foreign-aid program only 7 percent of the world's people were under Communist control. Today, right now, after all the billions we have spent in foreign aid to help other countries resist communism, some 40 percent of the people on this earth are living under the domination, dictation, and control of communism. Evidently our various foreign-aid programs have not done much directly, at least, to stop the spread of communism.

Whether there would have been more wars without it, I cannot say, nor do I believe any other individual in Congress or out of Congress can predict with accuracy what the situation in the world might have been if things had been different.

Let us look further and consider the broad and unused powers that are conferred here as never before in any legislative enactment by the Congress. So I am going to quote, if I may, as to the powers conferred upon the President—and, of course, being adults and grownups, we know the President himself does not exercise these powers, but delegates them to other individuals who represent him and act in his name. I call your attention to page 108 of the report, and I quote:

In this bill there are 51 grants of discretionary power to the President, and 18 authorizations to disregard other laws which apply to foreign aid.

Just think of it. Talk about a grant of power.

Let us stop for a minute and consider what the President can do with this \$8.8 billion he is authorized by this bill, to take out of the Federal Treasury directly. The President in his best judgment, or wisdom, can spend it all the first year if he wants to—which I do not think he will do, at least I hope he will not, but he can do it—and after that he can do other things.



What can he do? He can lend this money to any foreign government; he can lend it to any foreign group or individual, he can lend it to any American corporation, or to any individual American citizen. The latter may be the answer as to why some of the heads of the great corporations of America are taking such an active interest in the passage of this bill. Yes; the President can make loans to any corporation or to an individual American citizen, for up to 50 years, without any interest payments whatsoever being required. Such loans will be guaranteed, and any man who goes into that operation, the man who starts a factory here or there in some foreign country, will be protected and guaranteed by our Government against loss.

How does he pay back? He pays no interest whatever. He borrows a million dollars, we will say, to start a lead-pencil factory down in Brazil. He pays back nothing on the loan the first 10 years. Then he pays 1 percent a year for the next 10 years, or a total of 10 percent on the loan in the first 20 years. Then in the next 30 years he pays 3 percent each year. On what? On the principal alone, with no interest. Yet, if you will remember, the Federal Government is paying better than 4 percent right now as interest on its long-term bonds. You will find, therefore, that the \$1 million loan for the lead pencil factory will cost the Federal Government close to \$1,500,000 in lost interest alone we have given as help, not to some foreign country, but to some individual American or some American concern able, for some reason or other, to receive the largess from our American taxpayers.

I want to bring up one other matter quickly. I read with a great deal of interest the statement of Secretary Dillon, who has been so much quoted here, perhaps because he was serving in another administration in the past. Secretary Dillon went down to the Latin American conference in Uruguay, and there last week he made the commitment that Latin America could depend upon receiving from the United States, and perhaps other countries as well, if any should come in, at least \$20 billion in the next 10 years.

I asked the question of the sponsors of this bill, when before the Rules Committee, by what authority, by what right or law, did Secretary Dillon—even though he was representing the President, because even the President has no such right—did he have to commit the U.S. Government to \$20 billion in loans and grants to Latin American countries in the next 10 years? It is not in the law. They may be able to do it under this bill, with these new authorizations, if it becomes law, but it is not the law today. And, rather peculiarly, I noticed the Associated Press report on this meeting down in Uruguay that Dillon emphasized as they do in this bill, social reform. But, according to the news report, the representatives of the Latin American countries paid little or no attention to that, as a matter of fact. They objected to many of the objectives mentioned in this legislation, and in these reports. They said, "What we are in-

terested in is getting money from the United States."

As a nation we have not been beggarly in our treatment of the people of other nations. We have loaned and given them much money. We have given to Latin American countries a great deal of money in the form of grants and loans in the past, most of which has never been repaid.

The other day a subcommittee of the House Committee on Government Operations filed its report on the investigation of the use of American funds that were voted to relieve the drought sufferers in Peru about 2 years ago. And believe it or not, that investigation revealed that 95 percent of the money was stymied on the way and never reached the poor sufferers, but on the contrary further enriched the rich, helped further to fatten the pocketbooks of corrupt officials down there.

We are told that under this bill that situation will be corrected. But this is where we came in over 15 years ago. Year after year we have heard the same story that our foreign-aid program was going to be put on a businesslike basis. But it has not been.

I urge you to read the report, listen to the debate, and scrutinize the bill very carefully before you vote your rights and the funds of your constituents away.

Mr. MADDEN. Mr. Speaker, I yield 15 minutes to the gentleman from Virginia [Mr. SMITH].

(Mr. SMITH of Virginia asked and was given permission to revise and extend his remarks and include extraneous matter.)

#### CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 148]

Ashbrook	Healey	O'Neill
Ashley	Hébert	Osmers
Ayres	Hoeven	Powell
Bass, N.H.	Hollifield	Rabaut
Buckley	Hosmer	Riehlman
Byrnes, Wis.	Jonas	Roberts
Coad	Jones, Mo.	Roudebush
Dent	Kearns	Rousselot
Derwinski	Kilburn	St. Germain
Diggs	King, Utah	Slack
Dingell	Kluczynski	Staggers
Dooley	Laird	Thomas
Dulski	Lesinski	Thompson, La.
Ellsworth	Libonati	Udall, Morris K.
Finnegan	McCulloch	Whitten
Fino	Macdonald	Wickersham
Gilbert	Mason	Willis
Glenn	Miller, N.Y.	Wilson, Ind.
Griffin	Minshall	Winstead
Harrison, Va.	Morrison	
Harrison, Wyo.	O'Hara, Mich.	

The SPEAKER pro tempore (Mr. Brooks of Texas). On this rollcall, 374 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### MUTUAL SECURITY ACT OF 1961

The SPEAKER pro tempore. The Chair recognizes the gentlemen from Virginia [Mr. SMITH] for 15 minutes.

Mr. SMITH of Virginia. Mr. Speaker, this is a rule for the consideration of the foreign aid bill.

The bill which this rule makes in order differs very widely in all respects, practically, from the bills which we have previously adopted; and I want to call your attention to just one or two of its provisions, for I shall not have time to go into them at length. To begin with, this bill waives points of order. That request was made in the Rules Committee. I asked why we should waive the rules of the House with respect to this bill. Usually there are some specific reasons, but I was unable to get any reason why we should waive points of order on this bill other than the fact that there were numerous matters in it that were subject to points of order because they were in violation of the rules of the House. We had a record vote on whether we should go that far in waiving points of order generally on this bill; and, as was to be expected, the vote was 8 to something else. So under this rule, if you adopt it, no point of order can be raised as to this bill.

Points of order are not the only things we waived in this bill, we are waiving the constitutional functions of the Congress in place after place; we are waiving the appropriations process; we are waiving the functions of the next Congress that has not yet been elected, and we are waiving the functions of the Congress after that, which has never been elected. Then when the Fourth of July comes around we go out and wave the flag and brag about our ancestors and try and equate our feeble performances to those of the founders of this Nation.

I am going to direct my remarks to the matter of back-door spending. In the newspapers we have seen and in the debates we have heard a lot to the effect that notwithstanding the fact that we can go in the back door to get this \$8.8 from the Treasury through what is politely called Treasury loans, and we extend this program for 5 years—and I want to say to you without fear of contradiction, and if someone will undertake to contradict it I hope they will try, but it cannot be done—that after you pass this bill it is the last function you will ever perform under this program—you will never have another opportunity for an effective correction of the things that are wrong until after you have approved this \$8.8 billion. If anybody thinks that statement is not correct I want him during the debate to show me where. I know, because I am not wrong.

The Secretary of State in his testimony before the Senate Foreign Relations Committee said there will be an opportunity by Congress to approve the action of their Appropriations Committee. We will never hear from the Appropriations Committee any more if you pass this bill. He goes on to say, to change, to reduce, if they so desire, or to limit the amount of funds that might be expended under this program. That is not correct, because when you pass this bill you have



appropriated the money for all intents and purposes. My good friend, the gentleman from Massachusetts, the majority leader of the House, was quoted in a newspaper article of yesterday to this effect. I quote:

Those who charge that Congress will be deprived of its control over long-range foreign aid development financing have no grounds to substantiate their viewpoint.

What are the provisions of the bill? The matter of congressional control is mentioned only in two places in this bill. One is that it shall be subject to the Corporation Control Act.

In the committee report, page 18, the committee was good enough to quote the Corporation Control Act, and I would like to leave it to your good judgment whether this furnishes any control that would permit the Congress to stop this thing when they find out it is wrong.

I am going to impose upon you by reading the section that the committee report on page 18 says gives Congress control:

The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law.

That is what you are going to pass here this week, and whether you pass it or not, the Corporation Control Act itself says it shall not apply to this existing legislation.

There is a little more of it which I will not bore you with reading.

There is one other place where a possible control by Congress is mentioned, and that is on page 52 of the bill, in connection with these authorizations or appropriations or back-door spending, whatever you want to call it.

Here is what is stated on page 52, section 616:

Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution.

What does that mean? Somebody probably is going to get up here and say that a concurrent resolution does not require the signature of the President. That thing of whether the signature of the President is obtained is the whole crux of this arrangement. The President's signature is required to any act of legislation as provided specifically by the Constitution. A concurrent resolution repealing or modifying or changing this bill in any respect is a piece of legislation, and any legislation, including concurrent resolutions, requires the President's signature.

What I am getting down to is this: We all know that the present President, probably the next President, and the last President, were very enthusiastic and honestly so about this program, and he is very insistent about this particular phase of this particular bill.

With all due respect to him in his conception of his duties and what is in the best interest of the country, we know perfectly well after this bill is passed if we should pass any concurrent resolution or any other legislation that undertook to repeal it or diminish it or do anything to it is going to meet with the President's veto.

Mr. Speaker, what does all that add up to? Even if you had any control over this program, it means that Congress could only exercise its powers by a two-thirds vote of both the House and the Senate, and everybody knows you would never get it. So, I again assert that this action is your one, your only and your last opportunity to control this legislation and the expenditure of this \$8.8 billion of your constituents' tax money. Therefore, whatever you want to do about this thing, you do it now or you will never do it; you do it now or the next Congress, which has never been elected as yet by the people, will not be able to do it. The next Congress after that will not be able to do it, because you have a law for a period of 5 years. That is the reason I call your attention so seriously to this thing. I know that we have stepped away from the Constitution in many deplorable ways, in my judgment, but I believe this is about the worst thing with which we have ever been confronted. Anyone in this body who disputes anything I have said about the utter and complete lack of effective congressional control, I would like him to say so in debate, and I would like to be here when he does say so. Some people are going to say that "No; this concurrent resolution does not have to be signed by the President." That matter was gone into many, many years ago when concurrent resolutions were young. I refer you to Hinds' Precedents, volume 4, sections 3483 and 3484, where you will find that after an exhaustive study by the Judiciary Committee of the House that question was answered. It did not need exhaustive study. All it needed was looking at the Constitution, which says that any legislative proposal requires Presidential signature. There is no getting away from it. You do not have control over it.

What is going to happen to the country in future foreign aid programs? I noticed in the paper the other day a matter to which the gentleman from Ohio [Mr. BROWN] just referred, to the effect that someone was down in South America negotiating to spend \$20 billion down there of our money. Have any of you been consulted about that? All I know about it is what I see in the newspapers. Day before yesterday there was an article in the Washington Post that said the little countries down there were getting worried. They were worried about who was going to pick the most of the meat off our bones up here; they thought the big countries were going to get the best of them. So the Secretary of the Treasury—according to this newspaper report, and I know nothing more—had assured them that before this year ended these small nations would receive \$1 billion from the United States.

Is somebody going to come back here in the months to come and say to Congress "We are sorry, but you are already committed to this thing. Our Secretary of the Treasury has been down there and committed us."

Now, Mr. Speaker, I do not think the Secretary of the Treasury is down there making these commitments without somebody in authority having told him what to do about it.

Mr. Speaker, are we going completely to abdicate and delegate our functions imposed upon us under the Constitution and under our oath of office? Are we to continue to pass bills like this in the future? And when we pass an authorization for a loan from the Treasury it means you cannot touch it from that day forward, whether it is good, bad, or indifferent? I pose those questions to you seriously because I want to say to you that I have been here for a long time, but I have never been as deeply worried about the future of my country as I am at this time. I do not think we ought to do this thing. I think we will be delinquent and irresponsible in our functions if we ever let this title II in this bill become the law of the land.

Just a month or two ago I stood here and presented regretfully to the House a rule to bring up the bill to increase our debt limit to nearly \$300 billion because Congress had spent money we did not have. Mark my words, if we pass this bill we will be here again in a few months with another bill to again increase our debt, and pass the burden of payment on to plague future unborn generations for many, many decades to come. Already the American taxpayers are paying over \$8 billion a year, just in interest on the national debt. What does the future hold if we continue this headlong, irresponsible course.

Mr. BROWN. Mr. Speaker, I yield 7 minutes to the gentlewoman from New York [Mrs. ST. GEORGE], a member of the committee.

(Mrs. ST. GEORGE asked and was given permission to revise and extend her remarks.)

[Mrs. ST. GEORGE addressed the House. Her remarks will appear hereafter in the Appendix.]

Mr. BROWN. Mr. Speaker, I yield such time as she may desire to the gentlewoman from Illinois [Mrs. CHURCH].

(Mrs. CHURCH asked and was given permission to revise and extend her remarks and include extraneous matter.)

Mrs. CHURCH. Mr. Speaker, today, tomorrow, and for a large part of this week, the House of Representatives will give its attention to H.R. 8400, the Mutual Security Act of 1961.

Never was there more need on the part of every Member of the House for more earnest, studious, honest, and, indeed, prayerful consideration.

On Thursday, June 8—the second day of the hearings on this legislation—a new note of warning was sounded by Gen. Lyman L. Lemnitzer, Chairman of the Joint Chiefs of Staff, when he stated that "the decades of the sixties could be decisive to the survival of this Nation and its allies."



It is in the light of that warning that I urge each of my colleagues, through study of the hearings as well as of the legislation itself, to ask himself quietly at the very beginning of this debate whether H.R. 8400 is indeed the effective answer to the need. In this spirit, Mr. Speaker, I humbly insert the statement signed by Congressman ADAIR and myself, two of the four Members who voted against reporting out H.R. 8400 in its present form:

REPORT OF THE COMMITTEE ON FOREIGN AFFAIRS ON H.R. 8400 (PP. 105-110)—ADDITIONAL VIEWS

Previous statements of criticism of foreign aid programs and operations made by us over the years have pointed out our interest in mutual security, our dedication to peace, and our desire for friendship and understanding among peoples of all nations. We, of course, believe strongly in mutual security and hold in particular that our several commitments to aid and strengthen our allies and friends must be kept. In the past, however, in face of the obvious failure of the program to meet expectations and need, we have called repeatedly for a complete review and revision of foreign aid legislation.

This year we looked forward with much optimism to new legislation to be brought before the committee, in the hope that it would adequately meet the challenge that this country faces as the leader of the free world. We foresaw furthermore the possibility of strengthening the bill that was offered, through essential amendments. Such amendments did not pass.

H.R. 8400 fails to meet the critical need as demonstrated by our world situation for new and practical vision; adequate new tools; built-in guarantees against repetition of former errors and miscreancy; and assurances of sufficient increased regard for U.S. interests. As sincere critics of past programs and past performances, we regret, perhaps more than others, that this new legislation fails to meet either our anticipations or the need.

At a time when our Nation faces new trial and challenge—a challenge that all Americans accept with requisite courage and determination—nothing less than the best should be considered acceptable or accepted.

The basic problem which this Congress must face is the one that we expressed to the Secretary of State on the first day of our hearings:

"The problem of why it is, after all these years, despite a noble goal and good intentions and unstinted appropriations, that we are presently where we are" (hearings, p. 90).

And the partial answer must be, noble goals and good intentions and billions of dollars are not, in themselves, enough.

We agreed in large part with and signed the supplemental views of the minority stated elsewhere in this report. We, too, agree that the note-issuing authority is not a necessary method or a proper method to finance long-term development loans.

We further agree, as regards the hope of the administration to obtain social reform in the countries to be aided that a new method of financing our program at home will not hasten reforms abroad—unless that method will ignore or minimize foreign policy objectives.

We agree with the supplemental views that the record does not justify the expressed fear that the Congress would fail to provide the funds needed to continue valid foreign assistance programs. The two signers of these additional views remain unconvinced, however, that "friends" can be won—or social reform necessarily imposed—through "dollar diplomacy." We particularly concur with the statement that the proposal for borrowing from the Treasury to meet the costs would weaken the control of Congress.

FISCAL RESPONSIBILITY REQUIRED

However, our criticism of H.R. 8400 goes further than the pointed objections raised in the minority supplemental views and must in good conscience be accordingly expressed.

At this critical moment in U.S. history, it is incumbent upon us to insist upon the most thorough and complete fiscal justification for any and all expenditures that Congress votes. This is all the more true in face

of rising military costs. We must take a long hard look at all spending programs. As we already know, the budget deficit for fiscal year 1961 amounted to \$3.9 billion—well beyond expectations; and it is estimated that in fiscal year 1962 the deficit will reach at least \$5 billion. Our concern must be focused on the magnitude of expenditures in the foreign aid bill, not only for fiscal 1962, but in the years ahead.

MONEY REQUESTED AND SUMS AVAILABLE

The foreign aid bill for fiscal year 1962, as reported by the committee, specifically authorizes \$4,355,500,000. The "new" sums will be made available despite an estimated unexpended balance as of June 30, 1961, of \$5,443,412,000, of which approximately \$145,500,000 remains unobligated. The bill, however, sets no overall cost on foreign aid beyond the \$8,800 million in loans over 5 years, plus \$1,368.5 million in grants to be made available in fiscal year 1962. It does give the President such wide authority to tap other programs and resources, including the military stockpiles and interest accruing from and repayments of previous loans, that the total authorization is far greater. An estimated total outlay of over \$30 billion over the next 5 years is closer to reality; and this does not include \$1,800 million in military aid for 1962, and sums appropriated in the succeeding years for military assistance, plus "such sums as may be necessary" to implement the act.

It is almost impossible indeed to get two agreeing estimates as to the actual amount of money contained in this bill (H.R. 8400). In the corresponding bill brought out by the Senate, which is essentially similar in amounts, Senator HARRY BYRD, chairman of the Senate Finance Committee, points out: "Assuming annual appropriation authorizations at the 1962 level throughout the period 1962-66, along with other available funds, the 5-year cost of foreign aid as contemplated in this bill (S. 1983) may be estimated at more than \$36.6 billion." His estimate is based on the following chart which appeared on page 12903 of the CONGRESSIONAL RECORD for July 28, 1961:

Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (5-year projection, fiscal years 1962-66) <sup>1</sup>

[In millions,

Page	Line	Authorization and program	Amounts authorized specifically		Amounts authorized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Total
		Development assistance:									
6	9	Loans: Authority to spend from public debt receipts	\$1,187	\$7,600					\$1,187	\$7,600	\$8,787
6	12	Grants, etc.:									
11	11	Development grants	380			<sup>1</sup> \$1,520			380	<sup>1</sup> 1,520	1,900
14	25	Authority to guarantee investments abroad	(1,100)						(1,100)		(1,100)
15	22										
22	9	Surveys of investment opportunities	5			<sup>1</sup> 20			5	<sup>1</sup> 20	25
24	23	Contributions to international organizations and programs	154			<sup>1</sup> 614			154	<sup>1</sup> 614	768
27	13	Supporting assistance	450			<sup>1</sup> 1,800			450	<sup>1</sup> 1,800	2,250
27	18	Contingency fund	300			<sup>1</sup> 1,200			300	<sup>1</sup> 1,200	1,500
		Subtotal, grants	1,289			5,154			1,289	5,154	6,443
92	25	Administrative expenses	51			<sup>1</sup> 204			51	<sup>1</sup> 204	255
		Unexpended balances continued available:									
99	1	Appropriations and other authorizations			\$3,108				3,108		3,108
51	21	Foreign currencies			631				631		631
		Subtotal, balances			3,739				3,739		3,739
		Other:									
45	3	Authority for Federal agencies to furnish service and commodities									
51	21	Authority to use foreign currency receipts from loans, Public Law 480 activities, etc., estimated					\$1,000	\$4,000	1,000	4,000	5,000
		Total, development assistance	2,527	7,600	3,739	5,358	1,000	4,000	7,266	16,958	24,224

Footnote at end of table.



Spending authority for U.S. foreign aid programs provided in S. 1983, as reported to the Senate, July 24, 1961 (5-year projection, fiscal years 1962-66) <sup>1</sup>—Continued

[In millions]

Page	Line	Authorization and program	Amounts author- ized specifically		Amounts author- ized generally		Amounts provided from other sources		Total		
			Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Fiscal year 1962	Fiscal years 1963-66	Total
31	30	Military assistance:									
-99	1	Grants, etc.	\$1,800	\$1,800		<sup>1</sup> \$5,400			\$1,800	<sup>1</sup> \$7,200	\$9,000
		Unexpended balances of appropriations continued available.			\$2,370				2,370		2,370
		Other:									
34	20	Authority to sell military stocks to foreign countries, etc.									
35	10	Authority to contract for procurement of military stocks for sale to foreign countries, etc.									
37	5	Authority to use Department of Defense military stocks.	200	800					200	800	1,000
		Total, military assistance	2,000	2,600	2,370	5,400			4,370	8,000	12,370
		Grand total	4,527	10,200	6,109	10,758	\$1,000	\$4,000	11,636	24,958	36,594

<sup>1</sup> Assuming 1962 level of appropriations.

In regard to the provision for development lending, moreover, certain realities must be faced. There is no certainty as to the terms and conditions imposed on each and every loan. It will be possible for the Executive to make low- or no-interest-bearing loans, and long-term loans for as long as 50 years, with no principal payments in the first 10 years. If the Treasury Department has to borrow at 4 or 5 percent for the financing of development loans at low or no-interest rates, it is conceivable that our national debt will invariably increase again, and, as a byproduct, spiraling inflation is bound to affect our economy. In addition, whatever the good intentions of the executive branch in providing that payment of interest and principal should be in U.S. dollars, we doubt whether such payment can be expected in the foreseeable future from those countries receiving aid, particularly those countries which, in the opinion of the Administrator, might seem to be most in need of the "dreamed of" social reform or help.

#### INCREASED EXECUTIVE POWERS

If, however, it is difficult to obtain any reasonable estimate of the amount of moneys provided by this legislation, it is even more difficult to measure or estimate the amount of the increase of authority granted to the Executive. The bill grants unprecedented flexibility to the executive branch in the administration and management of the program.

Year after year Congress has continued to delegate to the executive branch more and more authority to spend ever-increasing amounts of money. This year the increased delegation of power to the Executive is greater than ever before and goes far beyond what is necessary. The danger, as is of course evident, arises from the fact that the President must delegate the responsibility for drawing plans and spending the money; and that, accordingly and necessarily, the careful supervision that he might give cannot be extended to the extent necessary. In this bill there are 51 grants of discretionary power to the President and 18 authorizations to disregard other laws which apply to foreign aid. While many of these grants of power have been in previous foreign-aid legislation, in one form or another, it must be taken into consideration that heretofore the authorization has been limited to 1 year.

The ambiguity that exists concerning the authority granted to the executive branch is equaled if not surpassed by ambiguities of provisions within the bill. The committee made an effort to discover and remove such ambiguities. The fact remains, as is clearly visible to Members of Congress reading the legislation, that indefinite provisions, open extensions of authority, waiving

of previous laws, etc., make it exceedingly difficult to discover and estimate the exact degree of power that is being yielded by Congress to the executive branch. Even friends of the program have termed this bill a "legislative monstrosity." In fact, it might be said that most Members who vote for this bill if, in fact, anyone, could not possibly know all that he is voting for.

As one instance of the indefiniteness of authority, H.R. 8400 provides that "The President is authorized to make loans payable as to principal and interest in U.S. dollars on such terms and conditions as he may determine." This indefiniteness of course serves to increase already practically unlimited authority.

It must not be forgotten that the power to use funds without limitation at any delegated level is not only the power to spend but to initiate and carry through policies which might be completely unknown to the Congress—or which, in fact, could frustrate the will of Congress. It is difficult to believe that decisions of major importance or which concern the vital security of this Nation could be better made by bureaucratic executives, through use of the powers delegated to them, than by Members of the Congress responsible to the people who elect them.

We have made no attempt in this report to give a complete analysis either of the bill or of all our points of difference with it. Among such, we might mention its failure to make authorizations for definite appropriations to the international organizations so long provided for in previous corresponding acts. Here, again, the right of decision both as to beneficiary and amount is provided through the mere grant of a lump sum appropriated to the President. We also belong in the group of Members of this Congress who are opposed to the further weakening of the Battle Act (Mutual Defense Assistance Control Act). We, therefore, regret the amount set apart in the President's contingency fund that can be spent without regard to the provisions of the Battle Act. The contingency fund this year is \$300 million.

#### CONCLUSIONS

However, although the defects of the bill are many, transcending all others is the relinquishment of congressional control over the program. The trend in the past has been for the executive branch to request, and to receive, ever greater flexibility; but now the Congress is requested abjectly to abdicate its powers and to grant a blank check to be cashed wherever, by whomever, and in whatever amounts as are designated by those in charge of the foreign aid program.

That continuation of congressional supervision is badly needed is attested to by the failures in past performance. The effective-

ness of foreign aid has fallen far short of the millions of words spoken and the billions of dollars spent in its behalf.

Mr. Justice Douglas, in a speech at Mount Holyoke College on June 4, 1961, for instance, had this to say about the aid we have given since World War II:

"The underdeveloped nations that received our aid are mostly worse off for it \* \* \*. The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move."

The burden to the taxpayers of the United States, however, gives no promise of being lifted.

Confronting the present crises this Congress, therefore, should accept nothing less than reconsideration of past errors and adoption of adequate measures not only to correct such errors but to provide the effectiveness so long lacking. The Congress cannot and should not abrogate its responsibility nor permit the weakening by one iota of its power to inspect, to authorize, and to appropriate.

For Congress to relinquish the check on the program inherent in the congressional prerogative to authorize and appropriate is an abandonment of congressional responsibility. Only through retaining such power can we hope to regain and hold control of the foreign aid programs and the spending therefor. We repeat, this requires annual review of foreign-aid operations coupled with requisite authorization and appropriation. As one responsible member of the Appropriations Committee put it recently, "If the administration gets the backdoor approach to foreign aid, the control will not be returned to Congress."

That must not happen.

MARGUERITE STITT CHURCH.  
E. ROSS ADAIR.

Mr. BROWN. Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. SCHENCK].

(Mr. SCHENCK asked and was given permission to revise and extend his remarks.

Mr. SCHENCK. Mr. Speaker, as you know, I have almost always supported foreign-aid legislation usually called our mutual security program because I have felt it has been in the best interest of our Nation in particular and the world in general.

The area I have had the great privilege and high honor to represent here in the Congress of the United States since November 1951 is also the birthplace and cradle of aviation. The almost unbelievable increase in the speed of transporta-



tion since the first powered flight 58 years ago has made it possible for all peoples of the world to be in personal contact with each other within the matter of a few hours instead of the days, weeks, and even months previously required. More recent developments in electronics reduces this time still further to within minutes for communications. Industrial and scientific products manufactured in our Great Miami Valley area, Mr. Speaker, are also sold and used in nearly all, if not all, of the nations of the world.

Therefore, Mr. Speaker, international trade, business, economics, and the relationships of peoples throughout the entire world and throughout the Nation have long been of deep and compelling interest to literally hundreds of thousands of folks in our Great Miami Valley area. I would be remiss in my personal responsibilities here in the Congress if I did not bring some of the questions I have in mind to the attention of the Congress in the hope that these questions will be answered by the well-informed Members who will discuss this proposed legislation during the debate.

It is my understanding that this proposed legislation can be divided into two general categories. One part, I understand, will require annual appropriations by the Congress in accordance with a provision in the Constitution which states "no money shall be drawn from the Treasury but in consequence of appropriations made by law." The other part of the program as recommended by President Kennedy provides for authorization to make long-term loans to many nations throughout the world. The total of such long-term loans, I am told, is \$8.8 billion which can be committed during the next 5 years. I am also told, Mr. Speaker, that this \$8.8 billion for these loans is to be made of money not appropriated by the Congress but borrowed directly from the Treasury of the United States, which is referred to by many as back-door spending, and, that since the Treasury does not have this money on hand and available, it will be necessary for the Treasury to borrow this money from whatever sources are available. No doubt the U.S. Treasury will have to borrow this money by selling bonds, issuing Treasury certificates or notes and on any of these will be required to pay interest. I am told it will be necessary to collect this interest money from all taxpayers although these loan funds will not be reflected in the annual budget of the Federal Government along with all other items of Federal expenditures for each fiscal year.

Mr. Speaker, permit me to illustrate my point. Each of us, I am sure, knows of students seeking a loan for education or a business needing operating capital. I am certain if we had the money personally and were convinced of the desirability, need, and justification for the loan, we would make such loan or loans. If, however, we did not have the money and had to borrow it in order to make the loan I don't think many of us would do so unless, of course, we were in the business of making loans for profit. Our U.S. Government is not or should not be in the lending business for profit.

Recently, Mr. Speaker, I noted in the daily newspapers that the Kennedy administration has proposed to loan Latin American nations some \$20 billion within the next few years if these nations are willing to accept such loans. Since this recently announced Latin American program is nearly 2½ times the authority requested by the administration in the pending legislation before the Congress, I assume the authority to make these loans of some \$20 billion to Latin American nations will be included in legislation to be considered later for surely no administration would attempt to make such loans without first receiving authority to do so from the Congress.

With this explanation, Mr. Speaker, I would like to ask some questions in the hope they will be answered authoritatively during the debate.

In response to my question several years ago, "Is actual U.S. money sent to recipient nations out of our foreign aid program?" a colleague now no longer a Member of the House stated in effect: "No, actual money is not sent—some 80 percent of this aid is in the form of manufactured products and agricultural products all of which produce business, employment, and income here in the United States."

My questions on this phase of the program currently under consideration here now are: First, does this same situation apply in this program? Second, if it does, even though the percentage differs now, does the same idea or plan prevail in (a) only those funds which are to be appropriated annually by the Congress? (b) does it apply also to the \$8.8 billion, 5-year development loans? (c) does it apply to either program? (d) what is the percentage of these funds which results in employment and business in the United States?

If none or only part of the \$8.8 billion in development loans produces employment and business here in the United States then for what purposes may the recipient nations use these funds? Will there be any direction, supervision, and control over the use of these funds by competent officials of the United States? Will the Congress receive reports as to how and for what purposes these funds are used in each recipient nation? Will standards of justification be required in recipient nations similar to those required by the Congress for all public works programs? Will these loan funds be used for projects which actually benefit the citizens of recipient nations or will they be used to assist the leaders and government of these nations at the time the loans are made? Will there be any standards set and administered for the justification of these loans such as the Congress has required for such programs as the construction of public housing, loans for various other home building programs, small business loans, and other loans of the Federal Government within the United States? Will any evidence of ability to repay these loans be required such as is required for the various loan programs I have mentioned and which are required of the citizens of our own Nation here at home? There are many other and similar questions for which clear answers should be provided

if the citizens of these United States are to produce the money through taxes to provide these funds.

Another series of questions is prompted by constituents who write to me and expect me to give them a straightforward answer.

Is there to be a list made public to show the names of the recipient nations and the amount of money allotted to each under this legislation? Will such a list showing the disbursement or intended disbursement to be made in each instance for the total amount sought to be authorized in this pending legislation of both appropriated and Treasury borrowing money be placed in the CONGRESSIONAL RECORD? There has been some indication made to me, Mr. Speaker, that some of this information, while available to Members of Congress, is considered highly classified as far as the general public is concerned. It has been suggested that classification is necessary to avoid conflicts in international relationships. I can well understand, Mr. Speaker, the need for secrecy and the classification of scientific, military, and other information which would give our enemies information as to our Nation's military strength and ability although I think that many times we are only fooling ourselves because the obvious intelligence gathering proficiency of other nations gives them the full information they need and desire. In the matter of giving or loaning Federal taxpayer's money to other nations throughout the world, Mr. Speaker, I feel there is an entirely different situation confronting all of us. I feel all our citizens have a right to know and evaluate our stewardship of these funds. If we think for 1 minute that nations unfriendly to the United States do not know how, to whom, and for what purposes our foreign aid or mutual security funds are being used and that full propaganda advantage is not being made of this information we are fooling no one but ourselves.

For all these reasons, Mr. Speaker, and many others that will occur to you and our colleagues here in the House, I urge that these questions be answered fully during the debate by those members of the committee who are in position to know. I also strongly urge that a full and complete disclosure be made in the CONGRESSIONAL RECORD as to the disbursement of all these funds and the purpose for each disbursement.

Mr. BROWN. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, on January 4, 1956, I carried in my newsletter an article from the Southern Conservative which, in my opinion typifies the foreign giveaway programs—past, present, and future. I should like to repeat this article at his time:

Some years ago when he was Foreign Aid Director and had more taxpayers' money to toss out than he had places to put it, Averall Harriman built 200 public restrooms on vacant lots outside the city of Manila while bug-eyed natives stood around



making bets with each other as to what use the cozy little structures were to be put.

Their guesses ranged all the way from storage bins for betel nuts to individual smokehouses for curing the meat of wild boars. So widespread was the confusion, it is reported, that Harriman was compelled to allot an additional appropriation to send technical aid experts from Washington to give the natives instructions and illustrated lectures on the superiority of American restroom methods over antiquated native customs.

In his Washington column, a noted correspondent tells of a recent trip of inspection by the present Foreign Aid Director to Manila. He found that these projects, forced on reluctant Filipinos, were deserted, rotting away and gradually being covered by the wild, lush growth on that far-away Pacific island.

It seems the native population, including the untamed Igorrotes, had no intention of becoming housebroken and took a dim view of the fancy little hutchies as a replacement for the more familiar facilities provided for them by nature in the form of spreading banyan trees along the shore of a sleepy lagoon.

And so what might have become 200 individual monuments, attesting to the greatness of Harriman as a benefactor of the underprivileged, are disappearing into the greedy jaws of the jungle and thus are destined to serve merely as additional mute evidence of the folly of one more American ambassador of good will with a soft heart—and a head to match.

Mr. Speaker, I submit that the only real change we have had in these foreign aid programs is more soft heads.

Mr. BROWN. Mr. Speaker, I yield the remainder of my time to the gentleman from Kansas [Mr. AVERY], a member of the committee.

Mr. AVERY. Mr. Speaker, as was the case of the speaker preceding me, I also have voted for the mutual security program on each occasion it has been before the House. I am prepared to vote for a reasonable and responsible program this year. I consider this program barely reasonable and most certainly it is not fiscally responsible. In this observation, I am referring principally to the Treasury borrowing authority insisted upon by this administration, but there are other questionable provisions of the bill.

In respect to the request for the Treasury borrowing authority, I will state that I have consistently opposed this evasive spending device even for domestic programs, for even those that have been in operation for a number of years. Therefore, I am most certainly opposing this type of spending authority for foreign development programs, a new and novel application of this finance device. In view of our rapidly increasing deficit, we should be retreating from this method of financing, not expanding it. Yet, here we go again. We have just voted to raise the national debt limit by \$13 billion to \$300 billion and we are about to consider another expensive burden on the American taxpayer that is initially outside and in addition to the national debt.

If there is any defense of this I O U financing as applied to domestic programs, it could be said that they are loans and could be considered to be a sound loan and one that will eventually be repaid. Under title I, section 201, it

is specifically stated that these loans need only "be found to have a reasonable prospect for being paid back." It was stated to the Rules Committee that actually we were kidding ourselves if we expected these loans to be repaid. There are a number of persuasive arguments as to why they should be called loans, but we should not expect them to be repaid. The gentleman from Virginia [Mr. GARY] told the Rules Committee that actually the \$8.8 billion program would cost the American people approximately \$25 billion in interest and principal over the 50-year term of the loan.

Although not spelled out in the report, the gentleman from Virginia [Mr. GARY] further stated to the Rules Committee that a tentative plan for terms of these loans had been presented to the subcommittee of the Appropriations Committee by the Treasury Department. It was to be something like this: First 10 years—no payment. Second 10 years—1 percent per year. Third 10 years—30 percent of loans. Fourth 10 years—30 percent, and finally, 30 percent in the fifth 10 years. The interest rate on these development loans, if any, is entirely at the discrimination of the President. These authorizations will become a part of the national debt as soon as any money is actually withdrawn from the Treasury to satisfy an obligation authorized under this act.

It has been said repeatedly that Congress will retain control over this program. It is alleged that congressional control would be retained over the program by the application of the provisions of the Government Corporation Control Act. It is under this act that the Treasury borrowing programs operate. The committee report goes to considerable length to recite the provisions of the Corporation Control Act, but the important language is not in the bill specifically placing the act under the provisions of the Control Act itself. There are several indirect references to the Government Control Act in the committee report and the bill makes limited reference to the Control Act in section 203, nowhere in the bill, however, does it clearly state that the Act for International Development—chapter I of this bill—shall be subject to all the provisions of the Control Act. Therefore, I say there is considerable doubt if there will be any congressional control over the spending or committing of this \$8.8 billion if this bill passes in its present form, notwithstanding the vague innumerable references to congressional control in the committee report and the references that will undoubtedly be made in the debate to follow. I hope one of the ranking majority members on the Foreign Affairs Committee will make a specific and clear statement on that point.

There will be an amendment offered to delete the back-door spending or Treasury borrowing authority from the bill, and I urge you to vote for that amendment. If that amendment is adopted, the President's request can be reviewed in a more favorable context.

Such back-door spending authority should not be given even to a prudent and frugal administration. This administration has never itself suggested that

it is frugal, and has not as yet demonstrated that it is prudent. No doubt the same number of dollars will be spent under an appropriation procedure or under Treasury borrowing, but there are two important differences. Under the appropriation process the American people will get more for their money, and consent this year for this back-door authority to chapter I, will be an invitation to the same process in the other titles of the bill in the years to follow. There is just as much justification for Treasury borrowing for supporting assistance and military assistance and the other titles as for development loans. This is a test case for the entire program.

To those Members who conscientiously and enthusiastically support the mutual security program, I think you are doing the program a disservice by insisting on this Treasury borrowing authority. Congressional support for the program has become increasingly difficult to gather each year. Its margin of plus votes has gone steadily down. Attached to such a vague and nebulous financing authority as herein proposed, it is possible we might just end up with no program at all. Several Members so testified to the Rules Committee. You should vote to adopt the resolution. It provides for an open rule. There will no doubt be several amendments offered under the 5-minute rule. All of them should have your very serious consideration. I hope, and ask that you will surely vote for at least one amendment, the one to eliminate the Treasury borrowing authority. I am convinced such a vote will contribute to the long-range stability of this mutual assistance program.

Mr. MADDEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

(Mr. LANE asked and was given permission to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, I rise to support the rule and to support the bill H.R. 8400, an extension of the mutual aid program.

Mr. Speaker, mutual security, a combination of economic and military aid to strengthen the free world is one of the few but effective policies that the United States has developed to block the long-range Communist strategy for conquest.

Heretofore, a President has not been able to plan ahead on the programing of mutual security, and this has limited the initiative necessary for the best results. Annual appropriations by Congress to finance the program, have tied the hands of our Presidents.

The present aid bill is a step forward because it authorizes the President, in order to finance development loans, to borrow from the Treasury \$900 million in fiscal 1962, together with additional amounts of \$1,600 million during each of the fiscal years 1963, 1964, 1965, and 1966; an aggregate of \$7,300 million over the 5-year period. In addition, repayments of principal and interest on certain obligations incurred by foreign countries as a result of assistance pro-



grams during and after World War II, are made available for development loans. Such repayments are estimated to average about \$300 million per year over the 5-year period.

There has been criticism in the past over instances of waste in the operation of this program, and to reassure Congress that this will not happen again, some degree of congressional review of long-term loans will probably be written into the aid bill before it is passed.

Of greater importance is the need for the Mutual Security Act of 1961.

As the Committee on Foreign Affairs stated in its report on H.R. 8400:

The abandonment of our efforts to assist other nations would mean abandonment of the cold war. This could result either in major gains for the Soviet Union or a hot war.

The cold war is being fought on many fronts, and on some of them we have been losing.

The world is in ferment as underprivileged peoples seek a way out of their poverty and misery. Shall they follow the false promises of communism that would enslave them in return for material progress or shall they gain progress with human dignity as freemen?

The democratic world, led by the United States, must provide these nations with the military assistance to protect themselves from Communist pressures, while we help them with their social and economic development.

This bill reaffirms the sense of the Congress "that peace depends on wider recognition of the dignity and interdependence of men and that survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom."

The United States, and its major allies, are prosperous. It is their responsibility to provide economic and military assistance that will assure "the full development and use of the world's resources in peace and security for the benefit of all."

We cannot win the trust and cooperation of other people in behalf of freedom's way, unless we help them to help themselves. The time is running out for words. We must have constructive deeds. We know how the Marshall plan helped to revive the devastated economies of Europe after World War II, and inspired the people to defeat the infiltration of communism that sought to undermine their free institutions.

Africa, the Middle East, Asia, and South America are, and will be for years to come, the economic and social battlefields where our effective help in development—or lack of it—will determine whether the world shall become free, or become regimented to the service of an all-powerful state where human beings will be little more than robots.

To the few who habitually repeat that foreign aid is "money down the drain," I would like to point out that the industrialization and democratization of the new nations will provide greater markets for the products of American industry. Up to 80 cents out of every dollar spent on foreign aid is spent in the United

States for equipment, supplies, agricultural products, necessary to promote the development of other nations that are in need.

To the cynics I would recommend the intelligent and farsighted position taken by the Textile Workers Union of America at its annual convention.

In spite of the fact that textile workers in the United States have suffered more from imports of low-priced textiles than any other group has suffered from foreign competition, their union nevertheless sees "a definite and clear-cut distinction between that problem and the need for providing economic assistance primarily for the underdeveloped countries \* \* \*."

This is the type of realistic and mature thinking that underscores the widespread support of the foreign aid program. In the long run, it is truly mutual and beneficial to all.

Although in his devious way Khrushchev never would admit it, I believe that the Mutual Security Act of 1961 will prove to be "the bone in his throat." We must keep it there until the job is done and a world united by progress with freedom is no longer in fear of suffocation by communism.

Mr. MADDEN. Mr. Speaker, I wish merely to read one line from Secretary Dillon's testimony before the Foreign Affairs Committee:

Secretary DILLON. Second, the program before you is one that the United States can afford. A total of \$2,878 million is being asked for fiscal 1962 for the Bank of International Development.

Then he sets out \$1,800 million for military, and in his last line Secretary Dillon said:

This makes a complete total program of \$4,763 million, which amounts to less than 1 percent of our gross national product, a figure that is certainly well within the capacity of our domestic economy.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The arguments of those who oppose the 5-year Treasury financing provisions are based upon the assumption, apparently, that we are living in a very peaceful world. They overlook the fact that we are living in a very troubled world. In order to meet the challenge that confronts us and the threat that confronts us, we in Congress have to reorient some of our thinking in connection with the practical operation of our Government.

To me, today is pretty much like it was 4 months before Pearl Harbor, when we had extension of the Selective Service Act up for consideration in this very body. It passed this body by a vote of 203 to 202. Today, as I view the situation, and I am talking not as JOHN McCORMACK, a Democrat, but as JOHN McCORMACK, an American, our country is in a worse position from a world angle than it has ever been in the entire history of our Government. I hope through the debate that basic thought I have, and which I will develop later, will be

borne in mind, because we are faced with a very practical situation throughout the world, and we have got to meet it in a very practical way.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8400, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MORGAN. Mr. Chairman, I yield myself 20 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, we have before us this afternoon, H.R. 8400, the foreign-aid authorization bill for fiscal 1962. It includes authorizations for \$4,355,500,000. It repeals most of the existing Mutual Security Act and provides for a reorganization of our foreign-assistance operations.

The bill this year is the result of a most searching and comprehensive review and analysis by the new administration of our entire foreign policy and our overseas operations, as well as a detailed working over by the Committee on Foreign Affairs.

It is now up to the House of Representatives to consider whether the recommendations of the President, the Secretary of State, and the Secretary of Defense as to what to do in the conduct of our foreign relations are basically sound and should be approved and implemented by the Congress, or whether these recommendations should be completely rejected, or whether they should be substantially modified.

In evaluating the program and the procedures which the Executive proposes, it is important that everyone of us take a little time to consider just where the United States stands today in the world and the general course we want to follow. Only after reaching decisions on these matters is it possible really to determine whether the judgment and recommendations of the Executive are sound and whether this bill should be approved or rejected.

The first thing to look at, it seems to me, is the nature and extent of the danger that confronts us.

Do you believe that our security is threatened?



Do you believe that the confidence of other nations in our strength and our leadership has deteriorated to the point where we should write off certain parts of the world and let the Communists take them over?

Do you believe that the basic idea that providing assistance to other nations increases their determination and their ability to resist communism has been tried and found wanting, and should be abandoned?

Now there are a few, I know, who either do not believe that there is a Communist threat or, even if they do believe there is such a threat, think the best thing for us to do is ignore it. There are a number of persons in this country who apparently feel that our international problems arise from the fact that many of our people take an unnatural and unhealthy interest in foreigners and that if we would just stop worrying about what happens in other countries, everything would eventually come out all right.

I need not say that in the judgment of our President, our Secretary of State, our Secretary of Defense—as was the case of these same officials of the previous administration—the Soviet danger is the most important problem we face, the danger is imminent, and it is not receding. This belief is shared by the overwhelming majority of the American people.

I personally believe that the Soviet leaders are more confident than ever, that they intend to accelerate their drive toward world conquest, and that our situation is more critical than it has been at any time since World War II.

The question of whether or not our military allies retain sufficient confidence in us and determination to resist Soviet aggression to justify our continued support has been thoroughly explored by the new administration, and the conclusion has been reached that we can rely on our allies and they merit our continuing help.

The new administration, after the most careful consideration, is convinced that we should give even a higher priority to our assistance to the newer and the underdeveloped countries than has been done in the past. It is the conviction of the President and his advisers that Latin America, Asia, and Africa can be saved from communism and that it is of vital importance that we do what is necessary to accomplish it.

I personally, together with an overwhelming majority of the Foreign Affairs Committee, share this view. Certainly nothing that has happened in Cuba or in Laos would justify our abandoning our efforts to help Latin America or Asia. We have made some mistakes, and I hope we have learned some lessons, but I do not think there are many who want us to deny assistance to other governments in their efforts to resist Communist aggression.

Now I am absolutely certain that an overwhelming majority of this House is opposed to abandoning the cold war. If we could take a vote right now on the issue, "Shall we stop opposing Soviet aggression except when our own territory is affected?", I do not believe that

anyone here would vote for such a reversal of our policy. Everyone here in my judgment is in favor of continuing our effort to resist the advance of the international Communist movement wherever we can.

If we want to continue the cold war in the belief that, long drawn out and frustrating as such a course may be, it may lead to victory without resort to a hot war, we have to back up our allies and we have to seek the support of nations even though they are not willing to join in the fight against Communist aggression.

All this adds up to the fact that unless you are ready to abandon the cold war, you have to continue some kind of a foreign aid program. It provides the weapons with which we fight.

I know that everyone is tired of the cold war and is tired of foreign aid. Everyone wants the cold war to end.

Let me make this clear: The Congress can vote an end to the cold war any time it wants to. All it has to do is to vote to stop foreign aid. Such a vote would not bring victory. It would mean a worldwide retreat. We would have to tell our friends and allies to go it alone while we pulled back to the "Fortress America." I doubt that life in the United States during such a readjustment would be less frustrating than our lives have been while carrying on the cold war, but as far as we were concerned, our resistance to Soviet aggression would be over except for our preparations to repel an armed attack on our own territory.

Nobody seriously favors the alternative I have just mentioned, and it follows that everyone who is really willing to face the facts knows that we have to continue foreign aid.

The real issue before us today is: What sort of foreign aid program should we have and does the program provided in this bill meet our requirements?

Now we are confronted with the fact that in any democracy a few officials are chosen to take the initiative and do the work for the rest, although the selected officials are responsible to the will of the majority for their performance. Under the Constitution the President is made responsible for the conduct of our foreign relations, and the job of developing a foreign aid program rests with him.

Congress has a great responsibility also, and certainly the Congress should disapprove of any recommendation the President makes which we, as the representatives of our constituents, do not believe is in their interest.

Nevertheless, the job of designing and administering a foreign aid program is complex and technical, and anything the President recommends to the Congress deserves our careful consideration.

We should give particular consideration this year to the President's proposals because the takeover by a new administration has provided an opportunity for a new look at the whole situation by people who were not trying to retain their jobs or cover up past deficiencies.

During my tenure as chairman of the Foreign Affairs Committee, my approach to world problems has always been non-

partisan, and I assure you that I intend no partisan implications when I say that when a new administration takes office, has a survey of all aspects of our foreign relations made by teams of experts and distinguished citizens chosen to reflect a cross section of points of view and background, and then recommends the continuation of foreign aid at a somewhat higher level than proposed by the previous administration, this new program cannot be dismissed as just an effort by bureaucrats to stay in business.

The point I am trying to make is that the first obligation of the House in its evaluation of the bill before us is to consider carefully what the President really wants to do and his reasons therefor.

The thing the President wants to do more than anything else is to make the foreign-aid program work better. He wants to put a stop to waste and inefficiency. He and the Secretary of State are determined to prevent the sort of thing that has been revealed by the Hardy subcommittee and by the Foreign Affairs Committee in its report on military construction in Pakistan, issued last March.

The President is prepared to make major administrative changes as soon as this bill passes. He has announced his intention to bring in 5 new area administrators and between 45 and 50 new country chiefs in charge of foreign-aid operations.

The problem of making our foreign-aid programs work better is not just a matter of human deficiencies and organizational failure. The most difficult situation is to devise techniques and procedures that produce results.

We are confronted with the fact that in certain underdeveloped countries our economic assistance has kept them going but is not making them stronger or more able to pay their own way. In assisting less developed countries we have done well in keeping them alive, but we are just beginning to learn what to do to get processes started in a country which will increase its economic output and provide the basis for a better living for its people.

The most important new element in this bill is that it gives the administration the authority it needs to make more effective our economic aid to countries with immediate potentialities for economic development. The administrators of our aid program have learned that money does not solve all problems. They are trying to find the means to make the money we do spend produce better results.

I sincerely hope that every Member of the House will keep this consideration in mind when he considers the President's recommendation that the development loan program should be financed by borrowing. This is the heart of the new approach to providing assistance for economic development. This provides a basis for adjusting our aid to the self-help efforts of the borrowing countries.

Do we want to say to the administrators of this program: "We want you to do a better job, but we don't want you to change the way in which you go at it?"



Let me remind the House of just what this proposal involves.

In the first place, it is limited to one segment of the economic assistance program. Military assistance, which involves \$1.8 billion, remains subject to annual appropriation, as it always has been.

The total economic assistance authorization in this bill is \$2,555,500,000. Of this, \$1,368,500,000—or 53 percent—is subject to annual appropriation in the traditional way. The President has asked for authority to borrow from the Treasury \$900 million for fiscal 1962 and \$1.6 billion for each of the fiscal years 1963 through 1966, making a total of \$7.3 billion over a 5-year period.

The borrowing authority involves only 35 percent of the economic assistance authorization of this bill, and only 20 percent of the total including both military and economic assistance.

I do not believe that the request for authority to borrow \$7.3 billion from the Treasury over a 5-year period is based on a desire on the part of the President to put anything over on the Congress or to encroach on the prerogatives of the legislative branch of the Government.

This has been done many, many times in the past. If you will read the committee hearings, you will find that only \$121 billion has been made available under the borrowing authority principle since 1932. It is not new. It is not new to the foreign aid program. Many of us here when the ECA was established in 1948. It had Treasury borrowing in it. We loaned money under the ECA program to 13 countries in Europe and to Turkey. They all had a grace period before payments of principal and interest began, and payments did not start to come in until along about 1956. Out of these 14 countries every country with the exception of Turkey, where a moratorium until 1966 has recently been agreed to, is paying its payments on schedule. They have got \$62 billion of that money back, and \$213,600,000 in interest. Somebody has said these countries will never pay these loans. The argument that these loans would never be repaid was made in the well of this House in 1948. Yet not one country is in default.

The President's motives are simple and direct. He is convinced on the basis of the best advice he can get that our assistance to underdeveloped countries will work a lot better if we can make financial commitments to them for a future period of as long as 5 years.

As I said, this is really the heart and core of the program. I know this is going to be a long and hard debate. The reason I agreed on 8 hours of general debate in the Committee on Rules was because I felt it would give everybody a chance to express their views on the borrowing authority.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I would just like to say to the chairman of our committee, I certainly appreciate his efforts in developing a good bill. I only rise at this time to ask a question about this

borrowing authority which seems to me by far to be the most controversial section of the bill. The gentleman suggested he is anxious to develop as effective a program as possible in this economic field. Can the gentleman tell us in what way the borrowing program would develop more effective use of these funds than the appropriations process? What difference would there be in the development of sound long-term programs, if we do not provide the borrowing authority?

Mr. MORGAN. In the first place, I want to say to the gentleman from New Jersey that one of the main reasons these long-term commitments are important is that they appear to be about the most effective way we know of to get underdeveloped countries to plan ahead and to do things that are costly and may be unpopular, but which have to be done if they are really going to make progress. If we can make firm commitments to contribute for a 5-year period, the country is more likely to settle down and do what has to be done.

Mr. FRELINGHUYSEN. I am sure the gentleman realizes I am in favor of long-range programing, but I fail to understand in what way the borrowing authority is going to make it easier for the recipient countries to do the difficult things of reforming their land structure or bringing about tax reforms or contending with the other problems to which the gentleman has referred. What difference does it make so far as enabling them to bring about these reforms how we finance the program?

Mr. MORGAN. Let us go back to the origin of the development loan fund in 1957. I am sure the gentleman is aware that the development loan fund was intended to operate on a long-range basis, but with annual appropriations.

The language agreed to by the conference between the House and Senate in 1957 made an authorization for the development loan fund on a 2-year basis.

The appropriations that were made for the 2 years were substantially less than the Executive requested and they would not have been able to live up to their long-range commitments if they had gone ahead as they planned to in 1957.

Mr. FRELINGHUYSEN. The gentleman, on that basis, seems to be contending out of a fear that the Committee on Appropriations may not give them that amount that the authorizations would permit, and that that is the reason we must bypass the normal legislative process. Is my understanding correct?

Mr. MORGAN. I do not feel that we are bypassing the normal legislative process. I am aware that the gentleman has been present during the hearings of the Foreign Affairs Committee, and I am sure he is familiar with the Government Corporations Control Act, sections 102, 103, and 104. I had a certain member of the Committee on Appropriations tell me the other day, and I am sure he was speaking somewhat facetiously, "Well, one thing we have developed out of this debate—we have found out we have more power than we thought we had under the Government Corporations Control Act."

Mr. JOHNSON of Maryland. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Maryland.

Mr. JOHNSON of Maryland. I would like to answer the question, if I may, of the gentleman from New Jersey, as to why we are using that procedure. Is it not, Mr. Chairman, the reason that these are loans and not normal expenditures, but loans that it is reasonably anticipated are to be repaid and, therefore, they are in a different category than ordinary expenditures and, by virtue, I would say, of that classification, then it is proper to have this type of Treasury financing?

Mr. FRELINGHUYSEN. In reference to this Government Corporations Control Act, I wonder if the chairman of the committee would state what is in the committee report with respect to the language, and I refer to subsection 3 in the middle of page 19 which says:

Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committee or by amendment to the bill on the floor of either House.

And I go down to the bottom of page 19 in which the executive branch understands that it was the intent of Congress, in enacting section 104, that limitations would be imposed only where compelling reasons existed for imposing them.

Does the gentleman feel that is the case and that we do not have a free hand about imposing limitations? That this is not a very meaningful limitation, does not provide the ordinary kind of control that the ordinary kind of control that the ordinary processes of appropriation surely do?

Mr. MORGAN. The language in the committee report represents what the Executive says is its understanding and its intention. The gentleman well knows that limitations have been imposed in the past by the Committee on Appropriations.

Mr. FRELINGHUYSEN. The gentleman is not disagreeing with the fact that the Executive is probably correct in its assumption that there must be impelling reasons before a limitation would be applied.

Mr. MORGAN. I think there should be impelling reasons for any action by the Congress.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. FORD. Our former colleague, the gentleman from Maine, Mr. Coffin, recently appeared before the Foreign Aid Subcommittee on Appropriations; in fact it was last week. It was his testimony that under this proposal the final and unequivocal right to determine expenditures and obligations under the Government Corporations Control Act rested with the Congress. I have his prepared statement before me. He said, and I quote:

Indeed, were I to come before you with a catalog of such circumstances this would be inconsistent with our view that this matter is one basically for congressional determination.



Would the distinguished chairman of the Committee on Foreign Affairs agree with that conclusion?

Mr. MORGAN. I think I would agree with that conclusion.

Mr. FORD. In other words, the final unvarnished right of determination as to the amount of all obligations and expenditures would rest with the Congress?

Mr. MORGAN. Yes; but my strong view about this program involves much more than any question of jurisdiction of committees.

The big issue was brought out in the hearings of the Committee on Foreign Affairs. When the Chairman of the Joint Chiefs of Staff appeared before the committee, he testified that our survival will be determined within the next 10 years. If it takes my vote to determine whether or not this country will survive, I am not going to be arguing over the jurisdiction of any committee.

Mr. FORD. If the gentleman will yield, I could not agree with him more; and if the gentleman will recall what I said, it was the right of Congress, not the right of any committee of the Congress over this bill, or that bill, which would be the final right. I believe we are discussing, and properly so, the right of Congress, not the right of any one committee of this or the other body. I just wanted to make it crystal clear that under this proposal the final decision, regardless of the circumstances, rests with the Congress.

Mr. MORGAN. I would say the final decision does rest with the Congress. The Congress has the final authority under the Government Corporations Control Act, and I recognize that the Executive has greater freedom under this type of control.

I yield to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. I am in agreement with what my distinguished chairman has said in answer to the inquiry of the gentleman from Michigan. But I am disturbed by this somewhat contradictory statement put out today by the State Department in a booklet called "Foreign Aid Facts and Fallacies."

In answer to the argument that this bill would reduce congressional control over foreign aid by the back-door spending proposal, the State Department says:

The Appropriations Committees would have an opportunity each year to review the development lending program in two respects: First, through a business-type budget required by law to be submitted to the Bureau of the Budget and to Congress through its Appropriations Committees, describing the lending operation, past, present, and prospective; and, second, in connection with their consideration of the requests for funds for grant aid, which will continue to be subject to annual appropriations.

Whatever the gentleman from Pennsylvania or I or other members of our committee have been told by the Executive, or what our able and greatly respected former colleague, Mr. Coffin, said to the Appropriations Committee, this official document says that a business-type budget as required by law is to be submitted to the Bureau of the Budget and to Congress through its Appropriations Committees, describing the lending

operation past, present, and prospective. It does not say what we can do about the lending operation, except to receive and review the report. We can act, of course, on the requests for grant aid. But so far as lending aid is concerned, submitting the budget is all they have to do with the Congress.

I am disturbed because the Department apparently does not understand what has been told us in committee, and I think the RECORD ought to show and underline what the gentleman from Pennsylvania has said rather than what the Department might point to in this booklet and say that all they had promised was to submit a budget to Congress, describing the lending operation, past, present, and prospective; and then we could act on grant aid.

Mr. MORGAN. I would not refer to the document the gentleman has in his hand as an official document.

Mr. GROSS. Why not?

Mr. JUDD. I had hoped that the gentleman would say it is not as official as what we have been told in our hearings.

Mr. MORGAN. That is correct.

Mr. JUDD. Again, the booklet says: Congress can, if it is wholly dissatisfied with the operations of the program, deny the necessary administrative funds to the new aid agency, thus effectively terminating the program or any part of it with which it may be dissatisfied.

Would the gentleman agree that even if the Appropriations Committee were to deny administrative funds for the operation of this agency, under the language of the bill it could easily transfer from other funds enough to take care of those administrative expenses?

Mr. MORGAN. That might be technically possible; yes. But I doubt if the Executive would ever flout the intent of Congress this way.

Mr. JUDD. Without question, whoever wrote this booklet was not quite candid with the Congress and the public. We could cut out the \$49 million in the bill for administrative funds and they could transfer that amount from the military aid appropriations, or supporting assistance, or anyplace else in the bill.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Let me ask the gentleman, What is unofficial about it? It carries the State Department seal, it was printed in the Government Printing Office. What is unofficial about it?

Mr. MORGAN. It is not official as far as an official document furnished to the committee is concerned. I had not seen that document until last week, and I do not consider it as containing a legal interpretation of the meaning and application of the Government Corporations Control Act.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I would like to state what the gentleman from Michigan has just stated, as well as the chairman, has been confirmed by the Director of

the Budget in a letter to the chairman reading:

I understand that you wished the Bureau of the Budget to study the statement regarding congressional control, appearing on pages 18 and 19 of the report of your committee on the foreign assistance program (H. Rept. No. 851).

In our opinion this statement correctly sets forth the requirements for congressional control under the provisions of the Government Corporation Control Act, including (1) the submission of an annual budget to the Congress; (2) congressional review and consideration of the budget; and (3) the enactment of legislation making funds available for obligation and expenditure, or limiting the use thereof, as the Congress may determine.

The paragraph referred to on page 19, section 4 of the report, states:

The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the aid act or in the appropriation act, whichever is the more limiting.

What the gentleman from Michigan has stated and what the chairman has stated is correct and is confirmed by the Bureau of the Budget.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. CONTE. At the outset, I want to commend the chairman of the Committee on Foreign Affairs for his excellent presentation of a very difficult bill. I regret I have to disagree with him in regard to this financing of the development lending fund.

Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, at the outset I want to commend the chairman of the Foreign Affairs Committee for his excellent presentation on a very difficult bill. I regret that I have to disagree with him in respect to the financing of the Development Loan Fund. As I understand it, when Secretary Dillon appeared before our Subcommittee on Appropriations, in direct answer to a question in respect to what power the Congress would have to limit the funds, Secretary Dillon very explicitly said that about the only occasion where we could limit these funds after authorizing this 5-year Treasury borrowing would be in case of a war about the size of World War II, or a depression comparable to the depression of the thirties, or if a country went behind the Iron Curtain, or if there was a flagrant case of abuse and malfeasance or fraud in the functioning of the Development Loan Fund itself. He gave specifically those four instances which were the only times that the Congress could limit the funds of the Development Loan Fund.

Mr. MORGAN. The case made before the House Committee on Foreign Affairs was exactly as stated in paragraph 3 on page 19 of the report: Congress could limit the use of the funds in accordance with its own judgment. I think, certainly, if next year, in fiscal 1963, Congress felt that there was an abuse of the development loan authority, all it



would have to do is repeal section 202 of the bill and it would repeal the authority to borrow any more money for development loans.

Mr. CONTE. In other words, the Chairman does not concur with Secretary Dillon's statement?

Mr. MORGAN. I concur in the interpretation of congressional control as expressed by the Executive, which is summarized in the committee report on pages 18 and 19 and stated by the Director of the Bureau of the Budget to be correct.

Mr. CONTE. Mr. Chairman, will the chairman yield further?

Mr. MORGAN. I yield to the gentleman.

Mr. CONTE. If that is the case, then why do we not retain the present system? How can we go out to a country—say for instance Taiwan, the Philippines, Cambodia or Thailand—and sit down with these people and say that we have a long-range program? But the leaders of the country say, "Yes; but the Congress can cut down that program." Therefore, it would become just as ineffective as the present program, if the present program is ineffective, of course.

Mr. MORGAN. The gentleman has served with distinction as a member of the great Committee on Appropriations, and I am sure is familiar with the Development Loan Fund. The purpose of the Development Loan Fund, since 1957 to 1961, as the gentleman in the well understands—and I am sure he knows that the present system did not operate in the way that the past administration expected it to operate, and the program did not move ahead as intended. That is the reason why Secretary Dulles and President Eisenhower in 1957 made the great effort to get the same kind of authority we are asking for here today. The gentleman knows that it passed the other body. I want to say that as a member of the Foreign Affairs Committee in 1957 I had the occasion to talk with the White House, and the White House to talk with me, in the effort to bring the same type of program to the House as I am bringing today—an authorization of Treasury borrowing authority. A great effort was made by the past administration to get congressional approval of the same type program as we are considering here at this very moment.

Mr. CONTE. Mr. Chairman, will the chairman yield further?

Mr. MORGAN. I yield to the gentleman.

Mr. CONTE. It is my understanding that President Eisenhower wrote a letter to Senator FULBRIGHT in 1959 and therein he asked for a multiyear authorization and appropriation?

Mr. MORGAN. That was in 1959. I am talking about 1957.

Mr. PELLY. Mr. Chairman, will the chairman yield?

Mr. MORGAN. I yield to the gentleman from Washington.

Mr. PELLY. Is it not true that in President Eisenhower's request or proposal in 1957 there would have been an appropriation for the first year and that there would be borrowing authority for the second and third years, but none of

the funds could be obligated in the second or third years, until those years?

Now, we have a bill whereby in section 204(b) the President is allowed to obligate all of the funds in the first year if he so wishes?

Mr. MORGAN. I am talking about the borrowing authority principle in the 1957 bill.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. Mr. Chairman, I would like in answer to the gentleman from Massachusetts [Mr. CONTE] to refer to the testimony of Secretary Dillon before the House Committee on Foreign Affairs. He said:

Fourth, an annual presentation would be made to the Appropriations Committees of the Congress in accordance with the provisions of the Government Corporation Control Act. Under this act the aid agency would be required to submit to the Appropriations Committees an annual illustrative budget setting forth its proposed operations for the coming year and to obtain from Congress authority to expend funds in accordance with this illustrative budget.

The illustrations he set forth would, in his opinion, indicate what compelling reasons there were which would call for a revocation of the authority once granted, or a limitation. I believe there are others. I believe what this act does is leave it up to the conscience of the Congress to set forth in their judgment what the compelling reasons might be to reject or limit once the authority is granted.

Mr. MORGAN. Mr. Chairman, now it may be that the President is wrong in his judgment on this point. Maybe this ability to make 5-year commitments is not as important as he says it is. None of us can be sure. Each of us has to make up his own mind.

In my own case, I am convinced that the President and his task forces are better able to decide this point than I am. The President's advisers have had an opportunity to evaluate a decade of economic assistance experience. More important, it is absolutely clear to me that we have to try some new methods and experiment with new techniques. The old systems are not good enough.

A lot of the development loans will be to finance in other countries operations similar in nature to those of our own Tennessee Valley Authority and our own Small Business Administration. We have found that the use of the borrowing authority was the only practical method of financing these operations because we could not expect the small American businessman to work out a detailed justification of his program in advance and then wait for Congress to vote the money. He would be out of business if that were the only procedure available.

We cannot expect a foreign country to work out in 1961 firm justifications for everything they plan to spend money for in 1965, just as we cannot expect the Tennessee Valley Authority to make precise cost estimates of its financial needs several years in advance. The foreign businessman and the foreign government need the same assurance that

funds will be available at the right time that similar operations in our own country have required.

The real issue before the Congress with respect to the long term borrowing authority has two elements:

First, how important is it that the Executive be able to make these long term commitments.

Second, does the granting of this authority seriously impair the control of the Congress over future expenditures and operations.

I know that some outspoken opponents of the borrowing authority say that the President is wrong in his desire to make long term commitments and that such commitments will not produce the desired results. They may be right, and the President may be wrong. Each of us must make up his own mind.

As to the relinquishment of authority by the Congress, I do not see that there is any serious issue. Congress will have to give its approval in an appropriation bill every year in accordance with the requirements of the Government Corporation Control Act before the program can go forward. All the Congress has to do next year or in any future year is to repeal section 202(a) of this bill and then no more borrowing can be done. All Congress has to do in any future year to limit the borrowing authority is to amend section 202(a) by striking out \$1.6 billion and writing in a smaller figure.

The Congress usually provides funds by a different procedure, and it is apparent that there are some who like the more common method better.

All I ask is that each Member consider before he votes on this issue whether there is an impairment of the authority of the Congress sufficient to justify denying to the President the tool he needs to make our economic aid work better.

I have dwelt at some length on the Treasury borrowing portion of the bill, and I will not take time to review the rest of the bill in detail. Let me emphasize, however, that the committee reviewed in detail the Executive requests for authorization of funds to finance the operation of the new program. The committee reduced the Executive request for the Contingency Fund from \$500 million to \$300 million—a cut of \$200 million. The committee believes also that the Executive overestimated its bedrock requirements for supporting assistance and cut that authorization from \$581 million to \$481 million—a reduction of \$100 million. In the case of military assistance, the committee instead of granting a continuing authorization set a dollar limit of \$1,800 million—\$85 million less than the Executive request. We eliminated altogether an Executive request for an authorization of \$20 million for development research and provided that funds available for other parts of the program should be drawn on for this purpose. We cut the authorization for administrative expenses by \$2 million.

The bill provides for a number of significant improvements in the program. It provides for setting up a single new organization to replace the old Inter-



national Cooperation Administration and the Development Loan Fund. The bill permits greater and more effective emphasis on the fundamentals of development than was possible under the old legislation. We will have a better program if it is approved without drastic revision than we have had in the past.

A detailed presentation of all the provisions of the bill is contained in the committee report, and there will be ample opportunity for full discussion during the remainder of this week.

Before we get involved in details and focus our attention on specific provisions and individual amendments, let me remind you again of the situation of the United States and of our President today.

We are face to face with great danger. We hope that we can meet and counter our enemies without a shooting war. I think we have the leadership and the capacity to win the cold war, but we cannot win without the equipment to carry on the cold war effort.

The effective use of foreign aid to attain our foreign policy objectives is a highly complex operation which must be conducted with skill if it is to succeed.

The basic provisions of this bill are the result of careful study by competent specialists. The President sincerely believes he needs this authority to carry out the tremendous responsibility which he bears. It is important to provide him with the tools and the weapons that he needs.

What we do this week will be of significance to history. We must not let the heat of controversy blind us to this fact.

Mr. CHIPERFIELD. Mr. Chairman, I yield myself such time as I may consume. Mr. Chairman, this year many Members who have actively supported and voted for foreign aid legislation are faced with a real dilemma. They wish to vote for this program as an essential part of our own national defense and security but they do not agree that the note-issuing authority contained in the bill is a necessary or proper method to finance long term development loans. They object to Treasury borrowing, commonly called back-door financing, of some \$7.3 billion over a period of 5 years without further congressional action.

In the past we have authorized continuing programs without this borrowing authority. During the hearings on this legislation no witness from the executive branch could cite a case where a program or project, although it was long range, was interrupted because of lack of funds.

We feel the arguments for long-term programs to secure fundamental reforms in the recipient countries are not justified. It does not seem to us we will hasten these reforms abroad solely by adopting a new method of financing at home.

We intend to offer an amendment to this bill which will permit long-term planning but which will retain in the Congress its proper constitutional responsibility for the annual review and determination of the overall size and cost of the program. The amendment or amendments to accomplish this will be fully discussed and explained during the

debate. If necessary I would like to see such a proposal contained in a motion to recommit with instructions.

For the reasons I have set forth 12 of us on the minority side of the Foreign Affairs Committee have filed supplemental views favoring a method which would assure authorization and appropriations of amounts that would permit adequate long-range planning but would not authorize in advance the full amounts that may be needed each year. This would require the Executive to return to the Congress annually for these authorizations and appropriations. I certainly hope at the proper time such a proposal will be adopted and we will defeat back-door spending.

(Mr. CHIPERFIELD asked and was given permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON. Mr. Chairman, I think no one in this House questions my long loyalty to the foreign aid program. Ever since the days of UNRRA I have done everything I could to further the programs put forth by whatever administration was in power.

May I suggest, Mr. Chairman, this is a history-making day. My chairman has very well said just that.

I want to thank him at this point for his conscientious work, his courtesy, his careful handling of all the many problems that came up in the committee. He had to present to us an absolutely new bill for which we were not prepared. The distinguished gentleman from Pennsylvania, Dr. MORGAN, was patient with us all. His capacity for doing his homework is phenomenal. He read from cover to cover the big red book. I question whether anyone else did. I want to thank him for his constant courtesy to me and to the other members of the committee.

Mr. Chairman, we are in a moment when we are considering something so much greater than foreign aid, so much greater than any of the things that have come before us. As a Congress we may be at the parting of the way. We must decide what we are going to do, whether we are going to abrogate our rights and abandon our responsibilities and just turn it all over to the President, or not.

Frankly, it is always disappointing to find the membership of the House so apathetic when from the Committee on Foreign Affairs bills are brought before it, so few in attendance. And may I say to the House that this is not a request for a quorum call. I think it should be noted that by and large the Members are either not interested or they apparently do not realize the far-reaching importance of this particular bill.

This, Mr. Chairman, is a new bill. It is quite different from anything we have had before. It has been an exceedingly difficult task to unravel its contents, to know what was removed from the old, what was added, and what was changed. It is not in simpler language; indeed, it is even less easily understood than before, even more confusing.

When it came to the committee many safeguards that took years to insert had been swept out. I believe they are back where they definitely belong, thanks to the efforts of various members of the committee on both sides of the table.

Comparisons with other years have been practically impossible, but even now it is a strange piece of legislation at best, although when studied one determined effort is very plain. Perhaps the word "effort" is not the right one, but I give it to you anyway. To all intents and purposes the Congress will abandon many of its powers and the Executive will absorb them. Somehow, I cannot believe that when the final vote is taken in this Chamber this House will accept this secondary place in Government.

May I remind you that I happen to have believed for some time that we should work out a way by which we could make longer term contracts possible.

However, I believe that this can be done without turning over to the Chief Executive so much that he, in his turn, must delegate both the decisions and their practical execution to men, and, perhaps, some women who not only have not been elected by the people but who will not be responsible to them. They will be responsible only to the President.

Most of us on the minority side of the committee decided we would put all our eggs into one basket and lay before you in supplemental views this one fundamental objection to the financing method. We have tried to do so with restraint and, yet, with strength. In a way the matter of method has little to do with our need as a country to help to strengthen the free world, but it has to do with the most vital part of the edifice which is our Government and with its continuing strength. But, I want to call your particular attention to the additional remarks which come from two very thoughtful, earnest, and courageous members of the minority. Both signed the minority report, but they felt obligated to put before you in addition a more detailed picture of what you will be doing if you permit this bill to pass pretty much as it has been presented. For myself, I am deeply grateful to them and I hope that each one of you will not fail to read very carefully the additional remarks. I can assure you, Mr. Chairman, that at this moment I am not sure what my vote will be. It will depend a good deal on what is done on this floor. Feeling as strongly as I do that we have a deep obligation to the free world, I should find a negative vote almost impossible—certain, however, that we endanger our own strength, and if we do that, we endanger the free world if we abandon our congressional responsibilities. Decision is difficult in the extreme. So I find myself here in the well of the House wondering if this Congress will have the courage, and it will take courage, to remember that each of us has been sent here to represent people who believe that they have the right to control the purse strings through us; who believe we have the right and the obligation to control these purse strings thoroughly with the duty of keeping the great Ship of State on her course.



Surely, democracy lives by compromise, but at this point there is no gesture even toward compromise from the Executive nor is there any pressure that seems to be unused. We are not faced with the question of whether or not we shall continue foreign aid. To me, this seems no less a must than it has in past years. But, we are faced with the abandonment of congressional responsibility as a possibility. Many Members on this side of the aisle who have voted for aid down through the years, even when their constituents were against it, have said they cannot vote for it if the House retains the financing as submitted, but they will vote "no" with heavy hearts for they are not unaware of the great need that there is across the world. I find it very difficult to believe that the membership of this House will vote the bill, as it has come to the floor. Have we lost all sense of our responsibility as duly elected Representatives of the people to whom the power of government was given in the beginning? We are not here as rubber stamps for whatever this administration or any other administration sends over. We are here to find ways to make possible the plans and programs of the Executive insofar as these do not impinge upon the duly constituted checks and balances.

The CHAIRMAN. The time of the gentlewoman from Ohio has again expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentlewoman 2 additional minutes.

Mrs. BOLTON. Mr. Chairman, I have really very little else to say except that I am going to insert, when we get back into the House, a list of those instances of proper discretionary power in the President compared to the old mutual security method and also several other things of that kind. I hope very, very earnestly that we can so compromise this whole matter of finance—and we on our side of the table feel it is possible to compromise and not interfere in any way with plans that are laid out—I hope this will be the result of the consideration of this body.

Mr. Chairman, I yield back the remainder of my time.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. JOHNSON].

(Mr. JOHNSON of Maryland asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Maryland. Mr. Chairman, I know of no legislation of greater importance than that now before this body, but before speaking on the merits of H.R. 8400 I wish to join my able colleague from Ohio [Mrs. BOLTON] in paying tribute to the very able chairman of the House Foreign Affairs Committee. Every member of that committee was treated with the greatest courtesy; every member had a chance to present amendments with full discussion; and throughout the hearings, which extended over several weeks an opportunity was given to all of us to present our views and to bring to this floor what we felt was a new concept in our foreign aid program.

I also pay tribute to the minority members of the committee who likewise made a great contribution, because I believe the measure before us is without party lines; it is a measure we hope will bring some semblance of peace and security throughout the world.

Mr. Chairman, I rise in support of H.R. 8400, designed to replace the present Mutual Security Act. The long clamor to change the foreign aid program has been answered by a complete revision of the basic legislation governing the provision of U.S. assistance, both economic and military, to foreign countries.

Mr. Chairman, all of us know there is a possibility, a looming shadow of World War III. In World War I and II, we had time and distance as indispensable allies—those allies no longer exist.

In this time of tension, this period of perplexity and high emotions, we should all realize there are yet those peoples of the earth who need our help. We must not deny sufficient help to those people who need to rise above poverty. The sands run swiftly in the hour glass of history. Some believe the hands on the clock are turning toward the midnight of mankind.

We recognize that distressed areas in any part of the free world weaken the strength of the whole free world. Even if there were no threats from communism, I wonder if this Nation can afford to live in an island of comparative luxury and ease while others exist in a sea of poverty, disease, and despair. The great question every Member must answer for himself is not, can we afford this program but rather, can we afford to do without it?

Recently Premier Khrushchev stated that the Communists were not behind every revolt throughout the world, but they were indeed delighted to take the initiative and exploit the ferment of the masses. I say it is time America took the initiative, and I believe H.R. 8400 will do just that.

Let us not delude ourselves into believing the free world can withstand ever-growing Communist pressure by having allies that are economically weak. It is certain that substandard conditions, if allowed to exist, will serve only as the breeding ground for strife, discontent, and revolution. It is interesting to note that the areas where the Communists have succeeded in the past few years have been those in which people have been poorly fed and poorly educated.

This Nation can now take the initiative by putting our assistance program on a long-term businesslike basis. If we are to expect countries to make internal reforms socially and economically, we must be able to offer these countries long-range assurances of economic assistance. Reform programs, to be successful, cannot be planned by countries on a year-to-year basis.

The heart of H.R. 8400—a 5-year assistance program—would encourage nations to develop long-range planning and prevent them from succumbing to the pressures and blandishments of the Communist bloc.

It is indeed a prime concern to all of us as to whether the economic condi-

tions of some 1½ billion people can improve their lot under a nonCommunist system. Gentlemen, the people who will be affected by our decisions, your decisions and mine, have a per capita income ranging as low as \$50 a year compared to the average of \$2,500 a year in this great Nation.

We all know the long-term feature of this measure is not new. In 1957, the previous administration proposed a similar program, and I may add the long-term program then had considerable bipartisan support. It will be indeed interesting to see if those who endorsed the long-term principle in 1957 will again support the principle advocated by our President.

To those who are concerned about the burden of foreign assistance, I would like to read the following editorial from the Washington Post:

As the Senate prepares to vote on the President's request for a 5-year economic aid authorization, Members of Congress concerned about the burden of foreign assistance may find some selected statistics relevant. In fiscal year 1949, when the Marshall plan had been undertaken in Europe, economic assistance alone constituted 2.47 percent of the U.S. gross national product (\$261.5 billion). In fiscal 1961, economic and military assistance combined came to 0.76 percent of the gross national product (\$503 billion). In 1949 the national debt was 96.7 percent of the gross national product; in 1961 it was 57.5 percent. In 1949 economic aid appropriations totaled 17.1 percent of the net Federal budgetary receipts; in 1961 economic and military aid appropriations combined totaled 4.8 percent.

I have often joined with critics of our foreign aid program. We have had deplorable waste and misapplication of foreign aid funds. Inept administration of foreign aid has brought forth widespread criticism and rightly so. It is perfectly obvious the present year-by-year financing of the foreign aid program has not eliminated waste. In an effort to provide the most effective means to obtain our Nation's objectives in the Cold War, the House Committee on Foreign Affairs has prepared what I consider to be a fine bill. This measure will enable our Nation to join with other countries in the noble long-range task of assuring the development and use of the free world's resources. This will contribute to peace and security, and be a blessing to all mankind.

This great Nation has put on the cloak of world leadership. It will not remove the mantle of prestige by abandoning foreign assistance to those struggling masses which desire social and economic progress. The aid we offer must be no less adequate to the needs of the masses than the long-term assistance offered by the Communist bloc.

It is imperative that we make our foreign aid programs work better. And I believe this measure will make possible the attainment of this goal.

Can we afford this new program?

Mr. Chairman, I do not believe we can afford to do without it.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from Connecticut, Mr. SEELY-BROWN.



(Mr. SEELY-BROWN asked and was given permission to revise and extend his remarks.)

Mr. SEELY-BROWN. Mr. Chairman, this is a large and complex bill. Some of it is old, some of it is new, and some is an upholstery job—new stuffing around an old frame.

The military assistance portion is not too different from existing law. An authorization for an appropriation of \$1.8 billion for the current fiscal year is provided, of which not more than \$60 million may be used for Latin America. There is a new authority that permits the President to draw upon defense stocks and services subject to subsequent reimbursement up to \$400 million in any 1 year, "if he determines it to be vital to the security of the United States." The justification for this provision is that military articles require long lead-time to manufacture and ship abroad. In times of real military danger it will be possible for the United States to respond to threats more promptly by drawing from existing stocks of equipment.

On the economic side, development grants is the name for a new and enlarged technical assistance program. Under this program advisers and demonstrators, together with supporting equipment, will be made available to the least developed countries on a grant basis where the prospects of loan repayments are not yet favorable.

The investment guarantees section of existing law is broadened by this bill. The purpose of this program is to encourage private America capital along with its skills and managerial ability to move into countries in Asia, Latin America, and Africa, where risks are great and the outlook is uncertain. New and weak governments are tempted to meet their internal needs by establishing enterprises that require external assistance in the form of grants and loans to the government itself. The tendency is to put the government into many businesses that are often poorly operated and that swell the bureaucracy. Under the investment guarantees program private enterprise is encouraged to move in. The program is a form of insurance in which the private company pays a premium against certain specified risks. It is not generally known that this has been a highly successful operation. I would urge our businessmen who are looking for new opportunities to look into its possibilities for the expansion of their own activities.

Supporting assistance, for which \$481 million is authorized, provides economic aid to countries to which it is in the United States interest to give such assistance because of their military effort or because of political or other considerations, including the availability of bases. More than 55 percent of this amount is planned for Korea, Vietnam, Turkey, and Pakistan.

We have included an authorization of \$153.5 million for voluntary contributions to 10 programs under the United Nations and 3 regional programs. Among the programs is the Children's Fund, for which \$12 million is provided. There are also sums in this bill for sev-

eral programs conducted by the World Health Organization.

A contingency fund of \$300 million is in the bill. As the name implies, its purpose is to permit the President to deal with unanticipated situations and programs. Certainly the uncertainties of the world warrant a source of funds upon which to draw in order to deal with them.

The most widely discussed and debated feature of the bill concerns the method of financing the development loans authorized in H.R. 8400. I direct your attention to the supplemental views found on page 100 of the committee report where I, along with 11 of my colleagues, have set forth the basis for our opposition to the note-issuing authority.

I can summarize the points we make:

First, continuing programs have in the past been provided for without the note-issuing authority.

Second, the note-issuing authority method will not necessarily increase U.S. influence toward reforms in other countries.

Third, there is no need or justification for such authority for fiscal year 1962, the current fiscal year.

Fourth, such authority does not permit "irrevocable commitments" which is one of the principal arguments made by the administration for using this device.

In our supplemental views we cite examples where the Executive has been able to move programs forward on the basis of the annual authorization-appropriation cycle. The plan carried in this bill is, in my judgment, a dangerous intrusion upon the responsibility of the Congress.

In more than a decade of operations our foreign assistance programs have lost much of their focus. During the last 10 years there have been six directors. When the Marshall plan started, the head of the operation had Cabinet status. Today he reports to the Under Secretary of State for Economic Affairs. Moreover, not all of our foreign assistance is under the Director of the agency administering the mutual security program. For example, the food-for-peace plan and the Export-Import Bank are actively engaged in assistance.

This bill pulls together the major segments of our economic assistance programs. It provides for the establishment of the Agency for International Development, which will combine under a single Administrator the operations at home and abroad of the International Cooperation Administration, the Development Loan Fund, the food-for-peace program in its relations with other countries, the local currency lending activities of the Export-Import Bank, and the related staff and program services now provided by the Department of State and the International Cooperation Administration. This is a step in the right direction.

Regardless of bureaucratic flow-charts and organizational reorganizations, there is no substitute for qualified personnel. The kind of people we need must have a lot more than technical proficiency. They have to live and work in strange

environments and deal with people who have different cultural backgrounds and values. Since its inception foreign aid has been operating on the assumption that it is a short-time program. It is about time that we recognize that foreign aid is a long-term proposition. We ought, therefore, to plan personnel policies that admit this fact. Only in that way will the best of our people be attracted to oversea service where they can look forward to career employment. As a step toward strengthening a system in which merit alone counts, I offered an amendment which was adopted by the committee. It makes applicable the provisions of the Foreign Service Act prohibiting political tests or discrimination on account of race, creed, or color.

I have been giving some thought to the establishment of a service along the lines of the British Colonial Service. I hasten to add that I do not endorse the word "Colonial"—I use it only to describe a type of oversea career service that will bring in young people with technical qualifications who will spend most of their working years abroad.

I have introduced a bill, H.R. 8147, which it is my hope will receive an early hearing. It establishes the Foreign Service Officers' Training Corps in the State Department, with an initially authorized strength of 3,000. Candidates would be selected by examination, and would attend at Government expense for 4 years, any college or university which had curriculums approved by the State Department for Foreign Service training. During this period they would be paid a retainer of \$100 a month. After graduation, those who qualified would receive a probationary appointment in the Foreign Service, which would be made permanent after 2 years of satisfactory service.

From such a corps could come, carefully screened over a period of at least six years against any and all disqualifications, and far better trained, in my judgment, for the job ahead, the recruits for the cadre of Foreign Service, to administer our foreign aid program or to share in the many other responsibilities of the Foreign Service.

At best, the foreign aid program is a tough one to administer. It operates in almost every country in the free world. Most of these countries are underdeveloped. This fact in itself presents several difficult problems. No matter what standards of administration we may devise, they have to be applied under a diversity of circumstances determined by local personalities and an infinite variety of cultural, economic, and political practices.

To say this is not to condone the shortcomings that have come to light from many sources. Like my colleagues, I, too, am concerned about charges of waste and inefficiency that have been identified by my own committee and other committee of the Congress. These are only the most obvious reasons why we need a hardheaded Administrator to keep the program on the track. I hope that Mr. Labouisse, who has a great deal of experience in oversea programs,



will supply vigor and firmness in discharging his difficult job.

In this connection, I am pleased with the enlarged powers given to the Inspector General. As our report states "his function is to be to seek out waste, inefficiency, and misconduct, to test procedures, check performance, and evaluate results." He is given direct access to the Secretary of State who, next to the President, is the responsible officer for our aid programs. The Inspector General is given the power to suspend all or any part of any project or operation after notification to the Secretary of State. This is a far-reaching power but not an unusual one. Inspectors of the Foreign Service in the Department of State may suspend any officer except a Chief of Mission.

There are some who argue that instances of maladministration and waste are sufficient to warrant the termination of the whole program. I cannot accept this proposition. If we have determined that the basic concept of the program is valid, the only thing to do is improve it. To abandon the program today would be tantamount to withdrawing our support from countries and areas where we have laid the groundwork of hope among people.

The menace of international communism is, of course, a compelling reason for our aid, particularly in the military field. But there are many nations, some newly independent, that are now charting their future; their immediate preoccupation is developing political and economic institutions. The decisions they make in the years immediately ahead, the direction in which they choose to move, will determine in large measure the kind of a world in which future generations of Americans will live. The long view dictates that it is in our national interest to encourage these countries to seek our leadership and our support.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New Hampshire [Mr. MERROW].

(Mr. MERROW asked and was given permission to revise and extend his remarks.)

Mr. BEERMANN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Fifty-six Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 149]

Alger	Donohue	Hosmer
Ashbrook	Dooley	Jonas
Ashley	Dulski	Jones, Mo.
Auchincloss	Ellsworth	Kearns
Bailey	Evins	Kilburn
Baker	Finnegan	King, Utah
Bass, N.H.	Fino	Kluczyński
Bolling	Gilbert	Lesinski
Boykin	Glenn	McCulloch
Buckley	Goodling	McSween
Byrnes, Wis.	Griffin	Macdonald
Celler	Hansen	Machrowicz
Clark	Harris	Martin, Nebr.
Coad	Harrison, Va.	Mason
Dawson	Harsha	Meador
Diggs	Healey	Miller, N.Y.
Dingell	Herlong	Morrison

O'Hara, Mich.	Roberts	Ullman
O'Konski	Rousselot	Wickersham
O'Neill	St. George	Willis
Osmer	Slack	Wilson, Calif.
Powell	Smith, Miss.	Winstead
Rabaut	Staggers	
Riehlman	Steed	

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having resumed the chair, Mr. MILLS, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 8400, and finding itself without a quorum, he had directed the roll to be called when 363 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from New Hampshire [Mr. MERROW] is recognized.

#### LONG-RANGE FINANCING

Mr. MERROW. Mr. Chairman, the most controversial section of the Mutual Security Act of 1961 is the provision for long-range financing over a period of 5 years. The House Foreign Affairs Committee has approved this method, and I hope that it will be adopted by this House. The purpose of development loans is to support economic growth in the developing countries of the free world. The request for the authorization to make loans on a long-term program of dollar lending is exceedingly important and essential to the operation of an effective mutual security program. This lending procedure is to be adapted to the limited repayment capabilities of the less-developed countries.

#### DILLON IN URUGUAY

Secretary of the Treasury Dillon at a meeting of the Inter-American Economic and Social Conference of Finance Ministers in Punta del Este, Uruguay, on August 7 stated that Latin America could expect an inflow of \$20 billion in capital during the next decade. This would be made possible by the United States, Western Europe, Japan, and international financial institutions. The Secretary in his speech to the delegates said:

We welcome the revolution of rising expectations among our [American] peoples, and we intend to transform it into a revolution of rising satisfactions.

The proposed loans to Latin America, for instance, are extended over a long period of years at low rates of interest or no rates.

The projected program of assistance to Latin America emphasizes clearly the importance of adopting the long-range method of financing as approved by the Foreign Affairs Committee. In our endeavor to assist the countries of Latin America to develop better standards of living and acquire social justice, it is most important that we be in a position to make long-range commitments. This lending authority as proposed by this measure will be of great value in this area as well as in other sections of the world.

#### THE AMOUNT OF BORROWING AUTHORIZED

The aggregate sum to be available for lending over the next 5 years would, if

the bill as it came out of the Foreign Affairs Committee is enacted, amount to approximately \$8.8 billion. Of this total amount, \$900 million financed by borrowing from the Treasury would be available for any obligations during the current fiscal year and \$1.6 billion financed in the same manner would be available at the beginning of each of the next 4 fiscal years. In addition, approximately \$300 million would be available for lending in each of the 5 years out of the proceeds of principal and interest payments on loans made in prior years under the mutual security and other programs. These loans will be repayable as to principal and interest in U.S. dollars and on such terms and conditions as the President may determine.

It should be kept clearly in mind that all of the \$8.8 billion is not available immediately for making loans even in the event that the measure passes without any change. There is a fiscal year limitation—\$900 million in fiscal 1962 and then \$1.6 billion at the beginning of each fiscal year for the next 4 years plus the \$300 million additional out of the proceeds of principal and interest payments.

#### HISTORY OF BORROWING AUTHORITY

In 1932 the public debt transaction technique was employed for the first time after the enactment of the Budget and Accounting Act. Congress then authorized the Reconstruction Finance Corporation to "issue to the Secretary of the Treasury its notes, debentures, bonds, or other such obligations in an amount outstanding at any one time sufficient to enable the Corporation to carry out its functions," and authorized the Secretary "to purchase any obligations of the Corporation to be issued hereunder, and for such purpose to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act."

In effect, Congress authorized the RFC to borrow money which it needed for its lending operations from the Treasury; the Treasury was authorized to lend the Corporation the money from funds raised by the sale of Government bonds to the public. There was no appropriation as such for the RFC for this purpose.

Since 1932, the technique utilized to finance the activities of the RFC has been used, in one form or another, by many Federal Government activities, almost entirely, however, of a credit nature.

Programs of more than 20 agencies are now financed by loans from the U.S. Treasury. In this session of the Congress several have been approved, including the Area Redevelopment Act and veterans loans.

In connection with foreign economic assistance, several proposals for borrowing authority have been made in the past. The Economic Cooperation Act of 1948 contained authority to borrow funds from the Treasury and, in the years prior to fiscal year 1954, \$1.2 billion in loans have been made under this authority. In 1957 and 1959, proposals were made, without success, to obtain long-term financing authority for the lending activities of the Development



Loan Fund. The 1957 proposal was put forward by President Eisenhower in his original request to the Congress to authorize the establishment of the DLF. The Eisenhower proposal would have provided authority to borrow funds from the U.S. Treasury.

In 1957, President Eisenhower proposed the establishment of the Development Loan Fund to help promote economic development in the less developed countries of the free world. The President's proposal in that year requested Congress to finance the DLF for a 3-year period with appropriated funds for the first year and with funds borrowed from the U.S. Treasury in the next 2 years.

In 1959 President Eisenhower's message to Congress on the mutual security program stated, *inter alia*:

Consideration should continue to be given to capitalization procedures that will allow better long-range planning.

Other programs now financed under borrowing authority reveal a number of similarities to the development loan program proposed in AID. A number of agencies using borrowing authority have programs which provide funds for a clientele whose needs cannot clearly be ascertained far in advance; for example, the Commodity Credit Corporation, Federal ship mortgage insurance fund, veterans' direct loan program, farm housing loans and mortgage insurance facility loans and the Area Redevelopment Act of 1961. There are a large number of programs financed by borrowing authority which are long-range programs: veterans' direct loans, Commodity Credit Corporation, the now liquidated Reconstruction Finance Corporation, Farmers Home Administration and the college housing program of HHFA. Virtually all of existing programs engage in lending or other forms of credit. In fact, major Federal credit programs have been, with only a few exceptions, financed through Treasury borrowing since the early thirties.

The above history indicates that there are numerous precedents for the use of borrowing authority for programs comparable to the proposed development lending activity under the act for international development.

A detailed statement of the status of congressional authorizations to expend from public debt receipts from 1932 to 1959 may be found in the CONGRESSIONAL RECORD of April 20, 1961, at page 6012.

#### PROPOSED FINANCING PROCEDURE NOT UNIQUE

Therefore, it should be emphasized and reemphasized that the type of financing proposed for the mutual security measure is not unique in the operations carried on by the Federal Government. In fact, it is the standard way in which the Congress has provided funds for U.S. Government lending operations. I believe the record will show that with very few minor exceptions the Congress has funded all Government lending operations by this means. Congressional authorization to expend from public debt receipts to cover over a score of agencies in the Government from fiscal year 1932 through May 31, 1961, amounts to \$101,249 million. In recent years, from

fiscal year 1957 through May 31, 1961, such authorizations have been \$19,641 million.

In most cases, congressional authorizations provide that repayments of borrowings may be reused with limitations placed on the amount of the loan outstanding at any one time. For this reason, the gross amount of borrowing from the Treasury exceeds the gross amount of congressional authorizations. Therefore, from fiscal year 1932 through May 31, 1961, the gross amount of borrowing from the Treasury amounts to \$121,291 million, and in the period I have designated as recent years, from fiscal 1957 through May 31, 1961, the borrowing totaled \$36,801,000.

Let us be perfectly fair in discussing this issue. The cry "back-door spending" as an argument against the long-range features of the mutual security program can be placed in the same category as the term "the great giveaway." These slogans are misrepresentations and do not contain even a modicum of truth. This is not a giveaway. It is a mutual security program. The long-range financing feature is not "back-door spending." It is a method whereby the Congress will authorize a long-range borrowing program for the achievement of the purposes of this measure.

Such financial procedure will be a benefit to us as well as to the recipient nations. It is an economical procedure. It is sound financially. Congress always has the power to review, to change, and to alter as it wishes. For the mutual security program to become fully effective, it is essential that we depart from year-to-year planning and appropriating and put this endeavor on a long-range basis.

#### CONGRESS NOT BYPASSED

The borrowing authority as set forth in this bill will be subject to the provisions of the Government Corporation Control Act. Section 203(b) of the Mutual Security Act of 1961 provides that the development lending program will be subject to the budgeting provisions of the Government Corporation Control Act. The use of the borrowing authority will be subject to a yearly review by the Appropriations Committees of both Houses. The Government Corporation Control Act provides that the proposed financial operations of the agency or the corporation for any ensuing fiscal year comprising a statement of expenses and income and a statement of the sources and application of the funds be presented to the Appropriations Committee.

In the Government Corporation Control Act are these words:

It is hereby declared to be the policy of the Congress to place Government corporations and their transactions and operations under annual scrutiny by the Congress and provide current financial control thereof.

#### PROCEDURE TO BE FOLLOWED UNDER BORROWING AUTHORITY

In the adoption of the proposed financing as set forth in this bill, it is understood that this will be the procedure to be followed:

First. Each year the President will submit a budget showing the obligations

and expenditures for the contemplated programs.

Second. The Congress will have the responsibility of reviewing the program, and following past precedents this review will take place by the Appropriations Committees of both Houses and the authorization for the use of funds would then appear in an appropriation bill.

Third. If Congress so decided, limitations could be proposed.

Fourth. The President would be limited as to obligations and expenditures by the amounts made available.

Fifth. Until the Congress passes the necessary language approving the budget program, obligations and expenditures cannot be incurred. If the Congress does not enact the necessary language approving the budget program, then the development lending program could not enter into further obligations or make further expenditures.

#### CONGRESS MAY DO AS IT WISHES

If, as a result of the annual review by the Congress, it is decided to make a change in the program, that change can readily be effected. As a matter of fact, if the long-range financing procedure appears to be working badly, Congress can terminate the authority since what the Congress can do it can undo. We should not forget that the development lending program is just a part of the aid program.

The Executive must come back each year for the authorization and appropriation of the grant aid program. The Congress will have a clear opportunity to change the lending authority and the borrowing authority if it wants to. And—this is important—since the President has to have the grant aid legislation, I can hardly conceive that he could veto a grant aid bill containing changes in the borrowing authority if the Congress should choose to make them.

However, we should clearly understand that the adoption of this financing procedure expresses our intention and the intention of the American people to embark upon a long-range lending program. The Congress will not expect to limit or curtail the authority it has granted unless unusual or special circumstances require it. But the Congress has not abdicated its power. The annual review will be searching, and if changes have to be made, then this can and will be done.

We should bear two further things in mind: if unusual circumstances convince the Congress that it should limit or curtail the use of borrowed funds—that determination will rest with the Congress. Second, as I have said before, the determination by the Congress will be final since the President could not reasonably veto the general aid bill in which the determination would be incorporated.

We have had a long experience in the matter of aiding our allies and thereby increasing our own security. It should be emphasized that we are also aiding ourselves as we carry on these programs. It is perfectly obvious that development programs in the various countries we are now assisting will have to be of a long-range nature. One cannot forecast how long, but for the foreseeable future, we



are going to be in the business of mutual security. On one occasion I was asked the question from a member of a large audience I was addressing, "Can you tell me how long we have to carry on the aid programs?" I responded by saying, "If you can tell me how long it is necessary for us to have a Defense Department, I can give you some idea of how long it will be necessary for us to carry on a program of mutual assistance for the security of the United States."

I deem this program a part of our defense structure. If we are to inspire confidence in the people we are trying to assist, then we must give them some indication that we intend to work with them over the years. Furthermore, this type of financing will in my judgment prove to be economical, it will greatly increase the efficiency of the entire operation, and it will make our endeavors much more effective.

#### BACK-DOOR SPENDING—SPECIOUS ARGUMENT

It is, I think, regrettable that the specious argument "back-door spending" is used against the mutual security operation. President Eisenhower asked for this type of financing when the development loan fund was proposed. As I have pointed out, over 20 agencies have been operating in this manner for a period of over 3 decades. It is admitted, I believe, that we will be in the aid business for the foreseeable future. No Member of Congress, no matter how young he may be, will live to see the termination of this operation any more than he will live to see obviated the necessity for a Department of Defense. Experience has demonstrated that loans are more important than grants. Experience has demonstrated that long-range loans are necessary; and, therefore, if we are to think anew and act anew in carrying out this program, we should, in my judgment, be courageous enough to adopt this type of financing in an effort to improve the operation.

I do not wish to see the Congress bypassed; and if I thought that by enacting this legislation we were bypassing the legislative branch of the Government, I would be opposed to this section of the bill. The evidence indicates clearly that this is not so. The evidence indicates that this type of operation is necessary. The evidence indicates that this will improve the efficiency of the entire procedure.

#### THE ECONOMIC STRUGGLE

We must not forget that we are in an economic struggle with the forces of evil, and we must not overlook the fact that the Communists realizing the effectiveness of assistance to underdeveloped countries are making long-range commitments. I know it will be said that we are acting solely because of the Communist threat and that this argument is being used to obtain the adoption of this program. Let me hasten to emphasize that as far as I am concerned, if we were not faced with the Communist threat, this would be the logical, effective, and proper way to assist the underdeveloped areas of this world. It is a method calculated to evoke the largest

possible measure of self-help, which in the final analysis is the greatest factor in improving any country in the world. Furthermore, we as an affluent power and a Nation that believes in helping to improve the conditions of human beings in this world have an obligation to assist. The method of financing is the new and important element which has been added to this measure now under consideration, and in the national interest I am convinced that it should be adopted.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. MERROW. Briefly.

Mr. PELLY. The gentleman referred to President Eisenhower's request. Is it not true that in his budget message this year, in January, he recommended against any such borrowing transactions?

Mr. MERROW. I believe that has been so stated this afternoon; but what I have just quoted was said by the former President in his message to Congress on the mutual security program in 1959.

Mr. PELLY. Is it not true that in 1957 President Eisenhower's proposal was different from the present provisions of this bill?

Mr. MERROW. As I understand, the principle involved is the same.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MERROW. I yield.

Mr. COLLIER. I should like to clear this up in my own mind. Am I to understand that it is possible for commitments in excess of the annual amount specified in the bill to be made in any one year?

Mr. MERROW. Nine hundred million dollars is the limitation in the first year. The proceeds of principal and interest payments on loans made in prior years would increase this by \$300 million. So according to estimates there would be the \$900 million, plus \$300 million in fiscal year 1962, and in subsequent years it would be \$1.6 billion plus \$300 million. This is where we get the total of \$8.8 billion. To that extent it is an increase over what is in the bill.

Mr. COLLIER. Further to clarify that, the gentleman says that after the first year in which \$900 million is made available, the amount may exceed that after interest and principal are paid. Certainly the gentleman is not under the impression that the payment of interest and principal in the first year on the \$900 million is going to make it possible to get moneys in excess of the amount specified for the second year?

Mr. MERROW. It is estimated that there probably may be an additional \$300 million a year for 5 years from the proceeds of principal and interest payments on loans in prior years under the mutual security and other programs. Under the provisions of this bill, the \$300 million may be used.

Mr. MORGAN. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. CASEY].

Mr. CASEY. Mr. Chairman, the time has come to put a stop to spending tax funds to aid and assist Communist na-

tions which are pledged to our ultimate defeat.

Such a course, in my opinion, is suicidal—and it is time this Congress began to face the fact that a Communist in Yugoslavia, or in Poland, or in America is just as deadly to our national survival as one in Peiping or Moscow.

It is my intention to offer amendments to this bill to prohibit this gross misuse of our citizens' tax money in being spent to support the tyranny of communism in any country.

This program should be to help those friendly, underdeveloped nations which are willing to help themselves. It is also my intention to offer an amendment to see that a recipient nation's self-help efforts are evidenced through a tax program of its own, commensurate in some degree with the burden we place upon the American citizens. Too long have the American people been suckered into footing the bill for friend and foe alike—and for those who have no desire to place a portion of the burden upon their own people.

If there is doubt that this Congress must spell out a prohibition against agencies of the executive branch in sending aid to Communist nations, let me respectfully refer this House to page 156 of the committee hearings, and the questions posed by Representative CLEMENT ZABLOCKI to Assistant Secretary of State Foy D. Kohler:

Mr. ZABLOCKI. Would you include Yugoslavia in the Soviet bloc, the continuing challenge we face?

Mr. KOHLER. I would not, sir.

Mr. Chairman, is it because of such reasoning that we have poured \$508 million into Yugoslavia during the years 1956-60?

What must the people of this country and the Members of this House do to impress upon our Government that we are in a pitched battle with the godless ideology of communism? Certainly we are not in a shooting war with the Communist states of Yugoslavia, or Russia, or China. But is there any doubt that we are in a battle for survival with the ideology these nations profess? Why, then, must we aid and assist something which would destroy us?

If the Department of State refuses to place Yugoslavia in its proper place against us in this battle for survival, permit me to try and do it.

On July 13, 1961, the Associated Press reported issuance of a joint communique from Moscow by the Soviet and Yugoslav foreign ministers. It should leave little doubt where Tito stands in the fight we face, either over West Berlin or in our long-range goal of survival. The dispatch quoted the communique that "both sides have stated with pleasure that relations between the Soviet Union and Yugoslavia are developing normally and that their stands on basic international issues are similar or identical."

Mr. Chairman, I submit that the following statistics are a shame and a disgrace to the American people, for they show American tax dollars spent in support of nations holding a philosophy pledged to our defeat.



## U.S. foreign aid to Communist countries, 1956-60

[Thousands of dollars]

Country	1956	1957	1958	1959	1960	Total
East Germany.....		21	3	13		37
Hungary.....		8,873	1,702			10,575
Poland.....			20,184	27,716	13,388	61,288
Yugoslavia.....	97,689	64,030	66,230	167,560	112,870	508,379
Total.....						580,279

I find it a shocking situation to learn from the Houston Press that at this very time, in the Port of Houston, Tex., a Liberty ship is loading the first portion of a cargo of 73,340 tons of scrap iron destined to Communist Yugoslavia. This, I am informed, is part of a \$5 million grant by ICA. The shipment was reputedly licensed on August 3, 1961—some 3 weeks after Tito had signified that his country stands shoulder to shoulder with Khrushchev on international policy.

Such action on the part of our Government defies analysis.

Mr. Chairman, let me cite from the "poop" sheet the Department of State puts out giving reasons why we send millions of tax dollars to Communist Yugoslavia and Poland. Citing the rift between Russia and Tito in 1948, the "poop" sheet states that "since that time, Yugoslavia has remained an independent and has not participated in policies or programs designed to bring about the overthrow or subversion of legitimate governments by world communism."

It states:

The basic aim of the assistance that the United States has rendered to Yugoslavia has been to strengthen Yugoslavia in the maintenance of its independence.

The Department of State proclaims: While no longer under Soviet dominance—

And I will certainly argue this conclusion—

the Government of Yugoslavia remains Communist. The extension of U.S. aid does not signify endorsement of this political system. Rather, the political system that prevails in Yugoslavia is viewed as an internal matter in which the United States should not intervene.

And with that, we bury the hopes, the dreams, the aspirations of countless patriots enslaved in Communist tyranny.

Mr. Chairman, tyranny is not an "internal matter" in which we should not intervene, for the loss of freedom and liberty for one is a loss for us all. The tyranny of communism is no more an internal matter than was the tyranny of nazism. Have we forgotten so soon the bitter price paid for condoning tyranny?

What about Communist Poland?

Why should our taxpayers be bled to support the system of enslavement for a people traditionally our friends? Is the Department of State in doubt that Poland stands against us in this fight for survival? If so, perhaps the dispatch from Warsaw by the Associated Press of July 13, 1961, may come as a moment of truth. Communist Poland and Outer Mongolia, in a joint communique, an-

nounced strong support for Russian Premier Khrushchev's international policies. In addition, both accused the West of seeking to increase tensions in Europe and of strengthening West Germany as an aggressive force.

Three days prior to the joint communique, the State Department put out another "poop sheet" explaining our credit and sales agreements with Red Poland, including one for \$130 million signed last year.

The State Department proclaims:

These agreements have brought significant benefits to the Polish people. \* \* \* The U.S. Government, taking account of the

## Voting tally of Communist bloc nations with and against the United States in the United Nations, 1956-60

Country	1956		1957		1958		1959		1960		Totals	
	With	Against	With	Against	With	Against	With	Against	With	Against	With	Against
Albania.....	25	47	18	50	30	79	38	85	26	70	137	331
Bulgaria.....	24	46	18	50	30	79	37	87	27	74	136	336
Czechoslovakia.....	25	47	17	48	30	78	39	87	20	74	131	334
Hungary.....	9	16	18	51	31	76	39	88	27	73	124	304
Poland.....	25	46	17	52	31	78	38	87	27	74	138	337
Rumania.....	23	48	18	50	31	78	38	87	27	73	137	336
Yugoslavia.....	35	35	20	35	37	55	56	73	35	63	183	261

During this 5-year period, Yugoslavia voted with the United States a total of 46 times more than any other Communist bloc nation. For that, Tito received \$508 million—or slightly more than \$11 million for each vote. And when you cut away the flowery language of diplomacy, that's exactly what we were doing, buying his vote. And frankly, I find the price ridiculous.

Let me say here and now that, in my opinion, this foreign aid program should assist those underdeveloped nations willing to help themselves. There is no place within this program for assistance to nations which are fully developed and able to assist themselves—or, in the case of Yugoslavia and Poland, even conduct aid programs of their own to other nations.

Since 1958, Yugoslavia has extended loans to various countries, totaling in dollar equivalent \$157 million, as shown in the following chart prepared by the Library of Congress. In addition, it was reported earlier this year that Yugoslavia has given credits of between \$10 and \$15 million to each of a number of Asian and African countries, and that much of this money remains unspent.

Since 1958, Poland also has engaged in an extended program of economic aid to a number of countries, totaling more than \$102 million. And since 1954, Poland has managed to contribute 3 percent of the entire \$3.8 billion in

situation in Poland, believes that it should give tangible evidence of its continuing interest in the welfare of the Polish people and, by seeking to develop the traditionally close ties between the peoples of both countries, increase understanding in Poland of the United States and its policies. We believe the Polish people welcome our assistance and appreciate our concern for them.

Mr. Chairman, the greatest benefit the United States could bring to the Polish people is a return of freedom and liberty. But it certainly will not come by supporting the Communist regime which holds the Polish people in slavery.

Just how independent of the Russian mother bear have we made the Red cubs of Yugoslavia and Poland? One basis on which to judge is the recorded votes in the United Nations—how many times either voted with or against the position of the United States compared to other Communist bloc nations which followed Moscow's party line. The following chart shows this voting tally for the years 1956 through 1960—during which we poured nearly \$600 million into support of Communist countries:

Yugoslavian aid  
[Millions of dollars]

Country	Year in which credit extended			
	1958	1959	1960	1961
United Arab Republic.....	9.8			20.0
Ceylon.....		15.4		
Ethiopia.....		10.0		
Sudan.....	.2	15.4		
Argentina.....	2.2	23.7		
Brazil.....		1.7		
Morocco.....			5	
India.....			40	
Pakistan.....				10.0
Guinea.....				5.0
Togo.....				1.6
Ghana.....				5.6
Total.....	12.2	76.2	45	42.2

such aid extended by the Sino-Soviet bloc. Why, then, have we been aiding them through the years?

Here are four major longterm low interest loans by Poland granted since 1958:

First. Indonesia: \$45 million for construction of a shipyard and purchase of ships.

Second. India: \$30 million for industrial projects with Poland supplying a variety of equipment and technical services.

Third. Tunisia: \$10 million to finance the purchase of Polish capital goods.

Fourth. Ghana: \$14 million for 20 complete industrial installations, including sugarcane refineries, distilleries,



docks, steel foundries, coke plants and shipyards.

Mr. Chairman, it is my hope that Members of this House will join with me in support of the amendment I intend to offer to prohibit one American tax dollar being sent to aid the Communist nations.

In addition, it is my hope that they will join with me in support of the amendment to require those nations seeking our aid to show proof-positive that they intend, first of all, to help themselves.

The American people can expect no less than this from this Congress.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. CURTIS].

(Mr. CURTIS of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in support of the objectives of this bill. I have always supported foreign aid, and believe it is more important now than ever before.

I rise in support of long-range planning, which I think is also necessary. But I am strongly against the so-called back-door spending. I believe it is unnecessary, and that the objectives sought by the administration can be achieved in other ways.

My first point is to consider just what back-door spending is. Let us look at the bill itself and read the provision on page 7. It is a rather astounding provision if one has not been accustomed to this method of spending. I quote section 202 on page 7:

The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title.

The amounts are over \$7 billion over a period of 5 years. If the authority to use certain repayments of previous loans is included, the amount is over \$8 billion.

Mr. Chairman, that is merely another way of saying that the President can go to the door of the Treasury and borrow the money. If I go to a bank and give the banker my note for \$500 and he gives me \$500 in cash, that is a straight borrowing operation.

My second point deals with the argument that Congress is not abdicating its authority. Let us consider what the distinguished Secretary of the Treasury said in answer to a question, and I quote from the record.

Senator WILLIAMS, in questioning Secretary Dillon, asked:

As I understand it, and I think we ought to get this clear, you come back each year and report to Congress, but you do not need any additional action on the part of the Congress to get the money, if we approve this bill as it is written; is that correct?

Secretary DILLON. That is correct.

There have been a lot of weasel words spoken about the right of the Congress to change what was previously enacted, about the requirements of the Government Corporation Control Act, and other alleged congressional controls.

I point to a passage in our report, to which I object, because I think it is in-

consistent with what the Secretary of the Treasury testified to, and I quote from page 19, where the report assures us:

The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. \* \* \*

If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations.

Those two passages are inconsistent with the testimony of the Secretary of the Treasury at the Senate hearings. Once this bill is passed, the Congress will have practically abdicated its authority over the spending of over \$7 billion during a 5-year period.

It was said in debate here that this borrowing authority is only 20 percent of the bill. It is true that the borrowing authority for fiscal year 1962 is about 20 percent of the total authorizations for that year. But if you add the billions authorized over the next 4 years, you have a horse of a very different color.

It was asked in debate today whether the whole \$8 billion could be committed the first year. We have an answer to that, also from an authoritative source, and I quote from the record. Mr. PASSMAN asked Secretary Dillon:

In effect, the executive branch could, if it should so determine, commit the entire \$8.8 billion during the fiscal year 1962 on a conditional basis?

Answer by Secretary Dillon:

They could commit \$1,187 million firmly, and they could commit the rest of it conditionally.

Mr. PASSMAN. It could be committed nevertheless?

Secretary DILLON. Conditionally, it could be.

If the arguments that the Congress retains its control over the spending are true, what use is this bill in facilitating long-range planning? The proponents of this back-door spending are in a dilemma. On the one hand, they say this authority is necessary so that we can give proper assurance to newly developed nations who are asked to give self-help; and on the other hand, they say to the Congress, "You are not giving up your authority to change and control this spending year by year," which is what we would have under the appropriation procedure.

I turn now to a different subject. Let us look at the Constitution of the United States, quoted on page 111 of the report. The remarks on that page would probably have been printed with other supplementary views, except that I was a little late in offering them, and so I put them in separately.

I read from the Constitution, article I, section 9:

No money shall be drawn from the Treasury but in consequence of appropriations made by law.

I am not going to argue that back-door spending is unconstitutional. It has been used. But I do say that it is of questionable constitutionality. Is it an appropriation to say to the President, "You

can go and borrow some money with the idea that it must later be paid back?" And paying back must be contemplated unless the presidential notes are a facade.

Such a transaction hardly falls within the ordinary meaning of appropriation.

This is an additional reason for opposing back-door spending.

The record of repayment of back-door spending shows that in many instances money borrowed from the Treasury is never repaid. I quote one instance which was given in the other body. It referred to the Reconstruction Finance Corporation:

Since the establishment of that Corporation, the first agency to spend out of debt receipts, the Treasury on June 30 of 1960 had advanced \$106.7 billion through these accounts and net loss at that time in cancellations of notes and appropriations to restore impaired capital, amounted to \$18.2 billion.

Mr. Chairman, how shall we provide long-range planning authority without back-door spending? The principal amendment considered by the other body granted a multiyear authorization. In other words, it authorized the spending over a period of 5 years, but required annual appropriations.

Now a multiyear authorization is a pretty good commitment, and I think that those administering the loaning of this money would be fully justified in going ahead and making the kind of commitments that the Secretary of the Treasury referred to in his above-quoted remarks on that basis; and then that money could be appropriated annually in the usual way.

The amendment to which I refer can be found in the RECORD for July 28, on page 12905, offered by Senator BYRD.

It provides a fair way of making long-range commitments.

Now, there is a further way to provide for long-range planning, and one that I would be willing to support if this House does not adopt something like the Byrd amendment. I would be willing to give the lending agency the money needed over a period of years right now through an ordinary type of appropriation, a multiyear appropriation, and avoid all back-door spending. Let us vote them now something over \$3 billion, and say that so much can be spent this year, so much the next year, and so much the year after that. That will give them a reasonable amount for long-range commitments, and they can come back to Congress each year for more, as needed.

That such a method can provide for long-range planning was recognized by the administration in the book explaining this program, entitled "An Act for International Development, a Summary Presentation." On page 45 we find this statement, referring to long-range planning:

The same purpose could be accomplished by the technique of a multiyear appropriation. However, the technique of borrowing authority is better adopted to an income-producing lending operation which will be used to finance increases in productivity, and in fact has been the technique most commonly used in the past for financing revolving loan funds.



To be sure, this type of back-door spending has been used for other lending operations, but they were operations of a different type, where there was good assurance that the loans would be paid. Here, repayment must be regarded as doubtful.

It has been well said that these lending agencies are like snakes; they cannot be measured accurately until they are dead.

The fact is that the repayment of the loans which will be made with the borrowed money is questionable. When the Development Loan Fund was making soft currency loans, the Foreign Affairs Committee was assured that those were good loans. It has since been admitted that they were practically grants. Now, again, these new loans are to be made in dollars, and we are assured they are good loans. But we know that repayment is doubtful. How can these developing countries pay back in dollars the billions of dollars which will be loaned to them?

Finally, Mr. Chairman, I want to express the hope that these differences of opinion will not be brought forward on a partisan basis. You have just heard a Member from this side of the aisle argue strenuously for back-door spending. We know there are Members on the other side of the aisle who disagree with that. When we deal with foreign policy, partisanship stops at the water-front. My feeling on this is based entirely on what I believe is responsible financial management of the affairs of our country.

I want to close by quoting a statement by a great historian, Toynbee:

Our age will be remembered not for its horrifying crimes or its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race.

That, Mr. Chairman, is what we are trying to do. We do it on moral and humanitarian grounds. We also recognize that we are in competition with a totalitarian regime which is trying to increase its influence in the world by these same methods. For both of those reasons, this bill is important.

I believe the objectives of the bill can be accomplished without \$8 billion of back-door spending, which I urge involves too much of an abdication by the Congress.

Mr. Chairman, there is one more comment which I overlooked. To say that we should have back-door spending for the current year is almost insulting to the Congress. We have the authorization and appropriation for 1962 before us. If we are willing to give back-door spending for that year, we certainly should be willing to appropriate in the usual manner. So I say there is no justification for that part of this back-door spending which applies to the next fiscal year.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I am glad to yield.

Mr. GROSS. The gentleman now says that back-door financing of this

program is irresponsible and insulting. I wonder, if the amendment to knock out back-door spending is not adopted, is the gentleman still going to vote for this program?

Mr. CURTIS of Massachusetts. I shall be very hard pressed to make up my mind; I shall reserve my rights to consider that.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. STRATTON].

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman.

Mr. GALLAGHER. Mr. Chairman, I would like to place in the RECORD the additional remarks Mr. Dillon made when the question was asked of him to which we have referred.

As I understand it, and I think we ought to get this clear, you come back each year and report to Congress, but you do not need any additional action on the part of the Congress to get the money, if we approve this bill as it is written; is that correct?

Secretary DILLON. That is correct. But Congress does have the opportunity, through the appropriations process, the Government Corporations Control Act, to limit the expenditures, if they so wished. In other words, by positive action they can at any time, acting on this report which is submitted to them every year, they can put a limitation in and limit the amounts.

I thank the gentleman.

Mr. STRATTON. Mr. Chairman, I rise in support of this legislation. I am supporting it reluctantly, as perhaps many of us are because we are aware of the charges that have been raised, and probably quite validly so, with regard to waste in the program in the past. I am sure many of us are also seriously concerned about the measure of real congressional control that will be involved in the administration of this program in the future. But I think we have got to recognize too that these are serious days. We are facing a serious situation in confronting the Communist menace, which has certainly been underlined for us all in the past 24 hours by what is going on in the city of Berlin at this very hour. In these circumstances we in this House have really very little alternative, it seems to me, but to uphold the hands of our President and give him the authority he requires in continued defense against the worldwide Communist menace and the Soviet Union.

But, Mr. Chairman, there is one aspect of this legislation which disturbs me, and for that reason I intend under the 5-minute rule to offer a small amendment to the bill. Therefore, I take this time simply for the purpose of advising the Members of the House that this amendment will be offered, and to explain my amendment briefly.

I think many of us, particularly those who represent unemployment areas, have long been disturbed because of the fact it seems so easy to spend billions of dollars to help people in foreign lands and so comparatively difficult to get money to help people in our own land who are in need, particularly those in

unemployment areas. It is true that in the last couple of years regulations have been instituted in the foreign aid program that purchases shall be made insofar as possible in the United States. In fact, we have been told this afternoon that some 80 percent of the funds to be appropriated under this bill will be spent here within the United States. Certainly this is a step in the right direction, and I for one am delighted to see it, but there is something that still has not been incorporated in this legislation, and that is a specific direction on the part of the Congress to pinpoint these purchases back here in the United States as much as possible into unemployment areas.

The amendment I propose to offer at the appropriate time, Mr. Chairman, would amend section 604 of the bill on page 42 to provide that insofar as practicable when materials and supplies are purchased within the United States these materials and supplies will be materials and supplies manufactured in areas suffering from 6 percent or more of unemployment. This would be a simple way to make it clear that this foreign-aid legislation is designed not only to assist our foreign friends in combating communism but also indirectly and very effectively to assist those areas here in this country which are suffering heavily from unemployment.

The statement now contained in paragraph (a) of section 604 of H.R. 8400 is a somewhat negative statement, namely, that there will not be any purchases made abroad unless they are in the interest of the United States. But I think we need a positive statement in the bill and so the amendment I propose to offer is this, as a new subsection (b) to section 604 on page 41 of the bill, line 23:

The President shall require as a term or condition of any purchase arrangements under this act that to the maximum extent practicable funds made available under this act which are used for the purchase of materials or supplies shall be utilized for the purchase of only such materials and supplies as have been produced in the United States in labor-market areas designated by the Secretary of Labor as areas suffering from not less than 6 percent of unemployment.

By adding my amendment we will be not only helping our foreign friends but also our needy people back home and so we will have in this bill a realistic and effective "alliance of progress."

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. FINDLEY].

Mr. FINDLEY. Mr. Chairman, first of all I should like to recommend that every Member of the House read the statement of additional views prepared by the gentlewoman from Illinois [Mrs. CHURCH] and the gentleman from Indiana [Mr. ADAIR]. It is excellent, and I think we owe it to America to read those comments before we vote.

Second, I would like to direct a question to the gentleman from Texas [Mr. CASEY]. Incidentally the gentleman plans to offer an amendment to this bill which would prohibit the use of funds provided therein for the benefit of any Communist country. Is that correct?

Mr. CASEY. That is correct. The only exception will be where the State



Department certifies that the country is no longer dominated by Communists.

Mr. FINDLEY. I thank the gentleman for that clarification. I had planned to offer an amendment very much along that line. I will support the gentleman's amendment. But the determination as to when the country is out from under communism should be left in the hands of Congress rather than the State Department.

I think most of the debate has been directed toward congressional authority and back-door spending. But there are other aspects of this bill which should not be overlooked. This program needs redirection, in my opinion, from the title on. The American people have never sought security as an end in itself, and I hope they never will. A form of security can be found behind the Iron Curtain or behind prison walls. When we offer freedom loving people security as a final goal, we do disservice to them and to our own heritage. Let us redirect this spending away from the false lure of security, and toward freedom. Our great national purpose, since the signing of the Declaration of Independence, has been to establish and protect freedom for the individual. It should be no less in our foreign policy than it is in our domestic policy. Here in America we have progressed by freedom, in the economic sphere by free enterprise. We have built our own road to progress, and the dollars we propose to spend here are the fruits of American free enterprise. It seems to me, all peoples must ultimately build their own road to progress. Progress cannot be thrust upon people who lack initiative to succeed. Our best contribution to underdeveloped nations is to help them find ways to freedom, and ours to demonstrate that blessings can be expected from the free enterprise economic system, a system that recognizes the inherent natural rights of individual man, his desire for dignity and his right to fulfill his own dreams.

While we debate this bill, a very promising development for the success of freedom is taking place in Europe. Great Britain is entering negotiations to join the Common Market. In a few short years, the nations of the Common Market have found rich rewards in free enterprise operating within an expanded free trade area. This happy development will bind free nations together profitably in times of peace and war. It will inspire underdeveloped peoples to follow these same paths of freedom and free enterprise.

The Common Market is an example of effort well directed. Mutual security, I fear, is an example of effort poorly directed.

A proper title for a redirected program would be "Resources for Freedom"—not "Mutual Security." Our goal must be the triumph of freedom and the downfall of the worldwide Communist conspiracy. This program should be re-directed toward that goal. Indiscriminate spending does more harm than good. In these critical days, we must act with special care in spending our resources. Heavily increased spending for domestic programs—new and old—puts new strain on our first line of defense: a sound dol-

lar, and clearly is in accord with Soviet plans. When this spending is directly helpful to the Communist countries—free steel mills for Poland and Yugoslavia, for example, then the risk to our financial institutions is doubly tragic to those who love freedom.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Connecticut [Mr. MONAGAN].

(Mr. MONAGAN asked and was given permission to revise and extend his remarks.)

Mr. MONAGAN. Mr. Chairman, I support this mutual security bill because I believe that a properly administered mutual security program is essential for the security of the United States. I do prefer to call it "mutual security" rather than "foreign aid" because the picture of and all the appropriations under this bill being taken out of this country and dropped in a rain of dollars in some unspecified and distant country on the other side of the ocean is not in accord with the facts, as other speakers have already pointed out today. We know that 85 percent of the military program, which is a vital part of the mutual security program, is spent in the United States, and also that large amounts from the economic aid program, whether ICA programs, or purchases financed by the Development Loan Fund, or other methods of financing, are spent in this country. It is not the sole reason or basic reason for supporting this legislation, but it is a fact worthy of more than passing notice.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield briefly to the gentleman from New York.

Mr. LINDSAY. The gentleman's point is an interesting one and one that I have used myself as a supporter of foreign aid in the past and in argument against those who would oppose it. I notice in the committee report, however, there is not any documentation of the point the gentleman makes.

Mr. MONAGAN. There is some documentation.

Mr. LINDSAY. I would be glad to have the gentleman go into that a little, because I think it is a very important point.

Mr. MONAGAN. I will be glad to supply that for the RECORD when we get back in the House.

*Foreign aid: facts and fallacies*

The table below supplements the one on pages 44 and 45, which shows ICA commodity procurement by State.

Estimated military assistance procurement in the United States, by State (July 1958 through June 1960)

Total	\$2, 373, 000, 000
Alabama	21, 000, 000
Alaska	18, 000, 000
Arizona	20, 000, 000
Arkansas	2, 000, 000
California	525, 000, 000
Colorado	22, 000, 000
Connecticut	27, 000, 000
Delaware	7, 000, 000
District of Columbia	11, 000, 000
Florida	74, 000, 000
Georgia	23, 000, 000
Hawaii	30, 000, 000

<i>Foreign aid: facts and fallacies—Con.</i>	
Idaho	\$7, 000, 000
Illinois	62, 000, 000
Indiana	37, 000, 000
Iowa	17, 000, 000
Kansas	49, 000, 000
Kentucky	13, 000, 000
Louisiana	7, 000, 000
Maine	4, 000, 000
Maryland	46, 000, 000
Massachusetts	134, 000, 000
Michigan	132, 000, 000
Minnesota	31, 000, 000
Mississippi	4, 000, 000
Missouri	36, 000, 000
Montana	3, 000, 000
Nebraska	15, 000, 000
Nevada	2, 000, 000
New Hampshire	5, 000, 000
New Jersey	127, 000, 000
New Mexico	15, 000, 000
New York	247, 000, 000
North Carolina	58, 000, 000
North Dakota	2, 000, 000
Ohio	85, 000, 000
Oklahoma	15, 000, 000
Oregon	4, 000, 000
Pennsylvania	95, 000, 000
Rhode Island	2, 000, 000
South Carolina	16, 000, 000
South Dakota	7, 000, 000
Tennessee	15, 000, 000
Texas	110, 000, 000
Utah	24, 000, 000
Vermont	3, 000, 000
Virginia	33, 000, 000
Washington	100, 000, 000
West Virginia	1, 000, 000
Wisconsin	21, 000, 000
Wyoming	9, 000, 000

Mr. Chairman, I should like to mention a few points of significance in the bill that have not been touched on before but which I think are worthy of notice. In the first place, the gentleman from New York [Mr. STRATTON], has spoken of the importance of considering the impact on the American economy, and I should like to point out that in Section 201 of the bill it is provided that before any loan is made, the President must make a determination that it will not have an adverse impact upon the economy of the United States, and that special consideration must be given to areas of substantial labor surplus.

The committee added another provision to the specific effect that if such determination was made, then the loans under application should not be made.

In Section 201, subsection 4, there is a provision of great significance. Much justified criticism has been heard in the past, of the fact that many of these programs have not been coordinated, there has not been the proper relationship between different parts of a program in a given country, and that some projects have not contributed to the overall growth of the economy of a particular country. This section requires that any project must be related to the overall economic program in the country and also must make a contribution to its long-range objectives.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. A partial answer to the question raised by the gentleman from New York [Mr. LINDSAY], which he directed to the gentleman a few minutes ago is found on page 598 of the hearings. Secretary Dillon said:



Our objective will be to assure that at least 80 percent of our foreign economic assistance will be spent on U.S. goods and services.

Mr. MONAGAN. I thank the gentleman.

As I said, I will put a pertinent table in the RECORD when we get back in the House.

Another provision that is of vital importance, it seems to me, and one which has been adverted to before, is the requirement which has been set up in section 201, subsection 5, which requires the President to make a determination before a loan is made that the recipient country is taking substantial steps to improve its economic climate. There must be a showing that effective measures of self-help are being taken by the beneficiary country. That must be determined before any loan can be made under the program.

The gentleman from Texas, Mr. CASEY, referred to the problem of making loans to so-called Communist countries. I should like to point out in this connection that the committee has placed in the bill a provision, section 618, which specifically prevents loans from being made to countries which are under the domination of the international Communist movement.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Illinois.

Mr. COLLIER. Does the gentleman consider Yugoslavia anything but a Communist country? Are we talking about a Communist government, or are we talking about a country that belongs to the syndicate?

Mr. MONAGAN. I am not talking about any specific country, but there is set out in the bill a definition of such countries. If a country or area is dominated or controlled by the international Communist movement then under this provision it would be impossible to give assistance to that country.

Mr. COLLIER. We have given that country, as I understand it, \$1,200 million since the end of the Marshall plan. Again I repeat, if that is not a Communist-dominated country, then certainly I do not know what one is, and I rather wondered if anyone in the House does.

Mr. MONAGAN. That, of course, is in the past.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Is there any money in this bill for Cuba?

Mr. MONAGAN. No. There is a specific provision on that. The preceding section, I think it is section 617, provides that assistance shall not be furnished to Cuba.

There is also one other provision that I should like to mention, and that is the fact there is a limit of \$60 million for military aid to Latin American countries. This limit should do much to prevent the creation of oppressive dictatorships under the guise of providing internal security.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Ohio.

Mr. ADAIR. Is it not true that Cuba could receive some aid under some of the United Nations programs and that she could receive money under this program?

Mr. MONAGAN. That has been a matter of controversy, as we all know, under the special fund of the U.N. I myself have written to Ambassador Stevenson about this matter. We discussed this in committee, as the gentleman knows, and one of the reasons why these limiting provisions were put in the legislation was to make clear the feeling of the committee, and also through passage of the bill, the feeling of the Congress, that this aid should be limited.

Mr. ADAIR. I agree with the gentleman. The wording we have put in here certainly shows the disposition of the Congress with respect to Cuba; but I must urge further that under the multinational program administered by the United Nations, or agencies thereof, it is possible for Cuba to benefit.

Mr. MONAGAN. It is possible for Cuba to benefit, except that we do have representatives in the U.N. It would be within the power of our representatives to veto any such action if that course seemed desirable.

Mr. ADAIR. We have received no indication they were likely to do so?

Mr. MONAGAN. That would depend on the circumstances.

Mr. Chairman, it would be foolish to indicate that the administration of this program has been free of its difficulties. We have had defects in the past. We have had defects in planning, failures, personnel, and deficiencies in administration.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MONAGAN. Mr. Chairman, I might point out that similar criticisms have been made of our military program, and with justification, because they have been proven to be based on fact yet, that has not prevented us from making an appropriation of over \$46 billion for the continuation of that program because it is necessary to our security. I suggest that in both cases what we must do is to improve the supervision, of personnel and improve the administration of the program, in order to make sure that the objectives will not be in jeopardy because of the type of administration we have had in the past.

We have had a record of substantial achievement.

Mr. Chairman, mention has been made of the condition that Europe would be in today if we had not had the Marshall plan. I was in Europe in 1948 and 1949 and I believe that western Europe would be behind the curtain today but for our assistance.

We know too of the effect of the Greco-Turkish aid program on the push of communism in that section and the manner in which the Communist tide was restrained. On the other hand, serving on the Hardy subcommittee of the Committee on Government Operations, I

have had an opportunity to see something of the other side of the picture with its incompetence, its maladministration and its criminality. I know that this side of the picture cannot be disregarded but it would be as foolish to disregard the achievements and the opportunities as to overlook the deficiencies. If, however, we have a strong, firm hand at the helm and if we can weed out the incompetents and give support to an able administrator; if we can require reciprocal efforts on the part of beneficiary countries and confine our efforts to programs which really benefit the people in these lands, I am sure that this program will justify itself.

Mr. Chairman, President Kennedy, Secretary Rusk and Mr. Labrousse have emphasized their awareness of the scope of this problem and they have promised that the program will have capable and competent administration. Whatever the individual reaction to this program may be, it must be admitted that it does constitute a new look and a serious attempt in the face of experience to improve the procedures and to provide a new foundation upon which to build.

I believe that we should take the President and the Secretary of State at their word. In the difficult days that lie ahead I feel that our executive branch should have the tools which they consider necessary to strengthen and make effective our foreign policy and our national security. Whatever doubts we may have should be resolved in their favor, wherever possible, at this critical juncture in our national history.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield to the gentleman from Delaware.

Mr. McDOWELL. I thank the gentleman. The gentleman made reference to the fact that there have been some evidences of waste and extravagance in the program in the past. Is it not a fact that these conditions have come about under the present system of annual authorizations and appropriations and in spite of that, there is no indication that by adhering to the past method of annual review, appropriations and authorizations, that it has prevented waste and inefficiency in the program?

Mr. MONAGAN. That is correct. I do not believe however that the method of financing is going to guarantee you good personnel. I think that is a different question. I feel, however, that it is a question of more importance. I would not boggle particularly at the type of financing, because we have gone into that in so many other types of legislation, as we all know. But I would insist and I am sure, as the chairman of the committee has pointed out, the Foreign Affairs Committee as well as the Committee on Government Operations are going to insist on following these programs and making sure that personnel practices are improved and that the right type of administrator is placed in control of this program.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. Yes, I yield to the gentleman from New York.



Mr. LINDSAY. The gentleman does make an important point here, but I would like to ask this question: The administration bill assumes a 5-year planning program. As I understand it, it ties in with the normal 5-year plan that, say, an underdeveloped country might have of its own with reference to economic development.

Let us assume that a contract was entered into which was a long-term contract, and was to be financed largely by Treasury borrowings here in the United States, and with whatever local effort might be put in. What happens if after 2 years it is found that the conditions in that country do not meet the requirement of section 211, subparagraph 4, that is to say, the extent to which the recipient country showed a responsiveness to the vital economic, political, and social concerns of its people, and demonstrated a clear willingness to take effective self-help measures? Suppose we discovered that the contract is not being used to fit these ends?

Mr. MONAGAN. That question was raised during the hearings. We heard testimony from executive branch witnesses to the effect that in whatever papers there were and whatever proposals there were it would be made clear than any contract—if a contract did develop—would be subject to recall or revocation under such circumstances.

Mr. LINDSAY. There would be a right of rescission built into the contract?

Mr. MONAGAN. That is correct.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MONAGAN. I yield.

Mr. GALLAGHER. I would like to point out to the gentleman from New York [Mr. LINDSAY] that all of the contracts entered into under the 5-year authorization would be subject to a non-revocation and a nonlimitation clause, so that if cause were shown that the contract should be rescinded, as the gentleman mentioned, then the Appropriations Committee would have a right to revoke or limit at that point.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. ROBISON].

(Mr. ROBISON asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ROBISON. Mr. Chairman, we begin today what promises to be several days of intensive debate over H.R. 8400, a most complex piece of legislation known as the Mutual Security Act of 1961. It is evident, from many statements he has made, that the President considers this bill to be one of the most important of all the various measures that have been or will be brought before us this session. Being well aware of that, I would venture to say that all of us have made a considerable effort in order to prepare ourselves to deal intelligently and responsibly with the serious issues we must resolve. Some evidence of the difficulty of that task is indicated by the fact that the bill, itself, contains 98 pages, much of which is of a highly technical

nature, and that the accompanying report comprises 191 pages.

The main reason for this is, of course, that the administration and the committee have both tried to provide us with a long awaited and, in my judgment, a badly needed major review and revision of the several existing programs of foreign aid. It is already evident that the product of their joint labors will be far from pleasing to everyone; nevertheless both the administration and the members of our committee, under their distinguished chairman, are to be commended for the effort they have made.

All of us throughout the world are witnesses today to a gigantic conflict between the forces of freedom and those of totalitarianism—to a struggle aimed at capturing the minds of men in every corner of the globe. The Members of this body will have, within the next few days, a chance to become participants in that conflict—to become more than mere witnesses—because if we, working together, can produce a better program of foreign aid than we have so far seen—and that must be our common objective—we may thereby help to determine the outcome of today's global struggle, and to shape tomorrow's world. That could well be the measure of our responsibility.

Between 1940 and 1960, this Nation has spent the staggering total—and I am now talking in terms of net disbursements—of \$130,240,313,000 in aid to foreign governments and international organizations. This amounts to an average of about \$40 a year for every man, woman, and child in America. Out of those annual, individual \$40 contributions which each of us has made—if they can be called contributions—about \$32 represented outright gifts or grants of military or economic assistance, and the remaining \$8 represented loans for the same purposes that were supposedly repayable, although the eventual collection of most of them has been and is actually rather doubtful.

Out of that net total, nearly \$50 billion represented military assistance which we provided to our allies during World War II. The remaining \$80 billion has been expended since 1945 not only for further military assistance, but also in an effort to develop the economic resources and raise the living standards in many nations throughout the free world in the hope that we could thereby encourage the peoples thereof to more strongly resist the spread of international communism.

Now, of course, not all of this has really been paid for so we can only talk about "cost" in an abstract sense. Nevertheless, I think it would be helpful to apportion that "cost"—which either represents actual tax dollars collected or a substantial portion of our national debt—to my congressional district and to the people thereof in an attempt to help them better understand the magnitude of what this Nation has tried to do. Doing this on the basis of population alone, I find that the 446,860 people of the 37th Congressional District of New York, which I have the

honor to represent, have contributed during the past 20 years—or are obligated to contribute—the sum of \$324,549,145 for "foreign aid" in all its various facets. To make this even more meaningful, I find that the people of my largest city, Binghamton, N.Y., have contributed or are obligated to contribute the sum of \$55,155,052, and the people of my next largest city, Elmira, N.Y., have contributed or are obligated to contribute the sum of \$33,784,748. Even the people of the small city of Hornell, N.Y., which has been plagued by rather serious economic troubles, have borne or will bear a share amounting to \$10,100,490.

Actually, when these figures are weighted as they should be to compensate for the fact that the people of the State of New York pay a greater portion of every Federal expenditure than the people of any other State, they would be much greater, but I am sure that when the residents of the cities that I have mentioned relate even these basic figures to their own city's need of schools, streets, hospitals, and so on, they will better understand than ever before what foreign aid has so far "cost" them.

Of course, if this outpouring of our national substance in aid of other nations and other peoples were the only key to moral and diplomatic victory in what we call the cold war, the United States ought to be entirely predominant in world affairs today. This, we know, unfortunately is not the case. But does it follow, then, that we can abandon this particular vehicle for promoting world peace in favor of something hopefully better? It is my considered judgment that we cannot, and that our only course is to make of foreign aid a better vehicle than it has ever been before. How can we do this?

Well, we can begin, Mr. Chairman, as this bill aims to do, by seeking to clarify our objectives and refashion our programs of aid to better meet the needs of today. One of our problems, as we lifted our sights from the Marshall plan under which we sought to rebuild the wartorn, industrial societies of Western Europe, and began to use the concept of something we called mutual security as an instrument of foreign policy, was that it became ever more difficult for use to even define our purposes. Whatever objectives we had seemed to become lost in the maze of multipurpose programs with which we were experimenting—some of those programs complementing one another, others seemingly antagonistic, and others merely existing side by side. Looking back at it, this was not a surprising situation because we were traveling uncharted seas, handicapped by lack of both experience and precedent. It was one thing to deal with societies quite like our own; it has been something else again to try to aid in the development and the direction toward freedom of the "underdeveloped" nations—many of which are emerging with unanticipated abruptness from years of depressing colonialism.

Certainly it is now time to try to redefine what we are trying to do—and



why—for, until we do so, there is little hope that we can get a better foreign-aid value for our tax dollars, or begin to make the task we first set for ourselves alone the cooperative venture on the part of the whole free world that it now should be.

Let us start with the military assistance part of the program—which continues practically unchanged in the bill now before us—because it is the easiest to explain and to understand. Here, our purpose is basically a selfish one. It is, in view of world conditions, clearly in our own self-interest to go on furnishing bank notes and bullets to those people who—we hope—will stand guard with us in the spiritual and physical trenches that mark the front line in the cold war, and, in view of recent developments, I am in accord with the committee's recommendation to increase the military assistance authorization for this fiscal year to \$1.8 billion. There are those who will argue that we can support this amount because much of the appropriated funds will be spent here at home and will thus have a favorable effect on our own still troubled economy. That undoubtedly is the case, but I am not impressed with that argument because I look forward to the day when we can divert not only this amount, but also the \$46.6 billion we appropriated for our own direct defense effort last week, to peaceful purposes.

No, Mr. Chairman, we support the military assistance authorization not because the money may be spent here at home, but because we thereby make it possible for the recipients of such aid to maintain military defenses that are otherwise far beyond their own resources, but will nevertheless serve both them and us at a fraction of the cost to us of similar defenses here at home.

But, at the same time, let us be realistic enough to know that we can no more hope to buy loyalty with these dollars than we can hope to buy friendship with the other dollars we may authorize for economic assistance. Such loyalty we must earn as the leader of the free world, and we will only earn it if we, ourselves, deserve it. That is why it is so hazardous for this administration to have developed nothing more in the way of a policy toward Cuba than that of apparently trying to ignore Castro's very existence. I fear that our failure to furnish vital air support to the anti-Castro invasion forces—forces that we apparently equipped as well as countenanced—and that our irresolution in the face of clear Cuban acts of aggression both before and since that event, have created a worldwide impression of U.S. timidity in grappling, on its own doorstep, with the same dangers it urges others to boldly deal with elsewhere on their own.

I do not think we can permit this situation to continue. Surely there are economic steps that we can and should take against Castro, either on our own or in concert with other nations. Why do we not take them? Our failure to do so is comparable to the policy of drift which I find evident in our indecision over ending the moratorium on nuclear testing, and our temporizing over the demon-

strably false Lao cease-fire that is only serving as a cloak to cover expanding Communist political and military influence.

I believe the United States must take a stronger and more positive stand in all these danger areas, or else 10 times this amount of money for military assistance will contribute little if anything toward that feeling of protection we hope to create—that loyalty we hope to engender—in the small but friendly nations that are looking to us for leadership.

Let us also be realistic enough to understand that the money we devote to these purposes—no matter how much—will not always suffice, anymore than it did in Laos, to instill in the hearts and minds of the recipients thereof that necessary will without which freedom cannot prevail against the forces of totalitarianism. We have been discouraged before the Lao experience—we will be so discouraged again, but I agree with the committee that these unfortunate experiences give us no safe basis on which to either terminate or drastically curtail our program of military assistance.

As for the shifting emphasis toward the use of military assistance funds to the needs of internal security, and in the direction of our allies in the Far East—away from our NATO allies most of whom have greatly improved their own capabilities to contribute to the strength of that alliance—I can find no reason to question of this part of H.R. 8400, outside of some reservations toward the import of certain technical sections that I am sure will be fully explored at the time amendments are in order.

As for part I of the bill—that dealing with the new approach to loans and grants for economic assistance—I find much that I like, as well as much which, as of this moment, I do not approve. I approve the creation of the new Agency for International Development—AID. I think it is time that some of our sprawling aid agencies were merged into one new, superagency which would once again have a more tangible goal. To the extent that that goal involves the promotion of “self-help” loans and of private investments, I also approve, as I most assuredly do with respect to the concept of long-range planning for all this, which brings me to the most important provision of H.R. 8400, at least according to the President and his advisers, and certainly the most controversial one.

We have had and still have a great deal to learn in this area. There are those who look at the foolish things we have done—the wasteful things—and say all this economic business is sheer folly and must be ended. There are also those who look only at the good we have accomplished—and there has been some good—and at the friends we have made, and say that this program, aimed at breaking the bonds of mass misery and promoting a climate wherein the seeds of liberty might flourish, must go on and must even be vastly expanded. Probably neither view is correct. The truth must lie somewhere in between.

Once again, let us look to our purpose. There are those who seek to anchor their support for such programs of economic assistance to humanitarian grounds. Certainly, blessed with bounty as this Nation is, it may well have a duty to share with the less fortunate people of the world. On an individual, person-to-person basis here at home, we clearly have such a duty. And yet, on both the domestic and the international level, some of us seem to have a peculiar tendency—peculiar, considering our religious heritage—of confusing this individual or personal obligation with governmental programs based on political or economic motivations. Surely, no impersonal program of governmental “aid”—the funds for which are coerced through taxation as compared to free will giving for charitable purposes—can ever be a substitute for real humanitarianism. Economic assistance, for foreign-aid purposes, is therefore a part of the Federal Government's business in this new world in which we live, and it should be managed and supervised in a businesslike manner, the same as any other program.

The understanding of this may, indeed, go to the heart of our debate over the financing proposals of the President, because there are those who seem to ascribe to Congress, in its reluctance to surrender to the President what many of us consider to be our constitutional duty to control this part of the Nation's purse, a certain Scrooge-like lack of appreciation of the virtues of charity. Ignoring, for the time being, the fact that it is always easy to be “charitable” with someone else's money—in this case the taxpayers'—have we a right to comply with the President's request? Is it necessary, in order to give him the flexibility he wants and that we want him to have in order to make foreign aid a better vehicle?

Once again, Mr. Chairman, in my considered judgment, it is neither right nor necessary.

I think it is obvious that we want to speed the economic development of the underdeveloped and uncommitted nations of the world in order to make communism less appealing to them and to avert political chaos in general. I think it is equally obvious, whether we wish to admit it or not, that we also seek to maintain and, if possible, build up our own political and economic influence in those nations, and find a market for our commodities therein, as well as to occasionally secure and maintain needed military bases therein. I think it is also obvious that we do so in competition with Soviet Russia. If at the same time we can help the people of those nations to escape from the bonds of poverty, disease, and ignorance, so much the better, and, to that extent, our self-interest and our idealism coincide.

And yet, this is only one of the many burdens that this Nation has accepted in recent years, the success or failure of which depends on the success or failure of our system of government. In that system, this and future Congresses have a major and a constitutional role to play. When it comes to the question of supervision of foreign aid, we may not have always played that role well. Neverthe-



less, in the light of our other responsibilities—the sum total of which is to maintain this Nation's overall strength including its fiscal soundness—I do not believe that this is the time to relax such control as we have over this or any other program involving such potentially huge expenditures. Rather, in view of the need to make of foreign aid a more effective vehicle than it has so far been, I think this is the time to extend and strengthen our control, to demand proof that proposed programs are justifiable, that past abuses are being corrected, that incompetent administrators are being fired, and that some of the billions here involved are trickling down to the unfortunate people they are intended to help.

To argue that the path leading to the Treasury's back door is already well-trodden, is of little import although all too true. Still, that way was taken—wisely or not—most of the time in favor of domestic lending programs for which there was often good collateral and a reasonable chance of collection. Despite the shift here to foreign aid loans repayable in dollars, the term suggested for the same and the conditions under which they are to be made continues to make repayment a very doubtful thing.

I will, therefore, support this bill only if it can be amended so as to preserve the 5-year authorization feature—which will provide the President with reasonable assurance of the necessary funds to arrange for needed advance planning—backed up by the annual appropriation process. To say that this is an unbusinesslike approach is to accuse Congress of having failed to fulfill its constitutional role with respect to appropriations in a responsible manner. This, the record simply does not establish. Over the past 10 years, foreign aid has been financed, with few exceptions, on the annual authorization and appropriation basis. During that period, Congress has authorized \$43.6 billion for military and economic purposes, and has backed those authorizations with appropriations of \$40.1 billion. This means that it has cut foreign-aid authorization by only about 8 percent, which, in view of unobligated carryover funds, has surely not hampered the effectiveness of the program. Can anyone give us a specific example to the contrary?

In fact, the 5-year approach is a purely arbitrary one; if we are talking—as Secretary Dillon did in South America the other day—about a \$20 billion, 10-year program for our Latin and South American neighbors, how much “flexibility” will a 5-year authorization offer? Why not make it 10, or even longer? Is it “flexibility” the President is after, or is it his real intent to shift from the executive branch the burden of proof for justifying foreign aid spending for economic loans, and to make it the Congress job to prove, instead, that such spending is not justifiable?

Perhaps such a shift might be a desirable thing from the Executive's angle, but from the angle of the people of Binghamton, Elmira, and Hornell, N.Y.—or the people of the United States—I do not think it is right, and

I believe I would be derelict in my duty to them if I did not oppose it, and go on to carry out my further responsibility to them to try to insure, to the best of my ability, that they get as good a value as humanly possible for their foreign aid dollars.

One might consider that the people of the United States are “stockholders” in this Nation, and that the Congress serves as their “board of directors.” Would it be “businesslike” for any board of directors to surrender their power of review and control over the actions of any corporate officers—for such a long period of time, and in such large amounts—as Congress is here asked to do for the President? Would that be in the best interests of the stockholders? I think the answers are obvious.

As for the amount to be authorized for this 5-year period for AID's purposes, I am willing to support the committee's finding that the requested amount has been justified, and I shall hope that the major amendment which I am suggesting carries so that, in the end, I can cast my vote in favor of H.R. 8400. Undoubtedly, numerous other amendments will be offered, particularly to cut out some of the many discretionary powers here granted to the President—most of which are unprecedented in nature—and I shall support most of those amendments but, even if they do not carry, will still gladly vote for H.R. 8400 if it can be amended as I have indicated.

In conclusion, Mr. Chairman, may I also say that I deeply believe that the United States has something far more valuable toward the winning of the cold war to export than mere dollars, tractors and guns. I am thinking of our faith, our ideals, our philosophy of life, our concept of human dignity—our Bill of Rights. These intangible things are as important for us to send throughout this troubled world as foreign aid dollars—more important, in the long run. We did not invent these things—they have evolved out of the long struggle for man's independence—and we can make them succeed only if we give them clear expression and a high fidelity of service. We should not be so foolish as to try to use these things to make the world over precisely in our own political and economic image, but we can try to use them in such a fashion as to make such a shining example of the virtues of freedom, as portrayed by our own society, that the uncommitted peoples everywhere will wish to repair to our standard. Such an example, of late, we have not given.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. BRUCE].

(Mr. BRUCE asked and was given permission to revise and extend his remarks.)

Mr. BRUCE. Mr. Chairman, I seriously question whether there is a single Member of Congress who does not feel great compassion for those in the other areas of the world who are less fortunate than we, for those who have not known the meaning of freedom. There are variances of opinion

on approach as to how we can best help bring a greater light of freedom into the darknesses of Africa and parts of Asia and, yes, South America.

When we are talking about mutual security are we not talking about the future of America as well? We know that our future does depend to a great extent on what happens in Africa and in Asia and in South America. But is it not important in weighing these considerations also to look at what we are doing to our own system of government? As a great measure of the discussion has evolved here today, the concern basically in that discussion seems to be whether or not we are violating the balance of power between the executive and the legislative branch. I recall a statement by a man who is known as the founder of the Democratic Party, Thomas Jefferson, who in effect said: Put not your faith in men. This is a government of laws, not of men. Bind them down with the chains of law.

And so I am asked as a Congressman who has been sworn in, swearing to uphold the Constitution of the United States and to meet my responsibilities, to cast my vote in approval of a blank check of \$8 billion or more to the executive branch, with no annual effective control over the expenditure of this money; all of this in the name of security. I say this is a violation of security because it breaks down the division of power between the branches of government.

I cannot in good conscience cast a vote for a blank check to government by man, which is government by bureau, unchecked and uncontrolled through the responsibility of the Congress of the United States. I believe in a government of law, in the responsibility of the House of Representatives of the Congress—of reviewing, yes; but of curtailing if necessary. You say, do you mean, sir, you do not have faith in those who are administering the program? I say it is a moot question. But if I were asked that directly my answer would have to be no, I do not have faith in those who administer this program, on the record; I cannot, without congressional control and annual approval.

You ask me to have blank-check faith in those who were, by their misunderstanding, guilty of trying to convince the American people, not too many years ago, that Mao Tse-tung was an agrarian reformer and not a Communist; those who in more recent times, at great length, explained to the American people that Fidel Castro was not a Communist but an agrarian reformer. Do you want me to approve 5 years of uncontrolled expenditures by these men? I cannot and I will not, and I shall fight with every ounce of energy I have on the floor and off the floor of the Congress, although I am a freshman, to uphold the responsibility I announced when I campaigned as a candidate and when I was elected.

I urge my fellow colleagues to weigh what we are doing on the basis of the balance of power, the heritage that is ours, so that in the name of security we do not destroy the very system that has made us great.



FOREIGN AID ADMINISTRATOR REPLIES TO  
MEMBERS OF CONGRESS

Mr. BRADEMAS. Mr. Chairman, on August 4, 1961, on behalf of 29 other Members of the House of Representatives, I sent a letter to Mr. Henry R. Labouisse, Director of the International Cooperation Administration, raising several questions concerning the administration of the foreign aid program. The signers of the letter made clear to Mr. Labouisse that we support the President's foreign aid program but that we also believe the funds provided by it can be used more efficiently and effectively.

I have now had a letter from Mr. Labouisse dated August 10, 1961 together with a 14-page memorandum responding in detail to our questions. Mr. Labouisse's letter and memorandum pledge that a number of significant improvements will be made under the new aid program.

Mr. Chairman, the signers of the letter gave Mr. Labouisse some tough questions and I am glad to see that he has given us some encouraging answers.

At this point in the RECORD, I would like to provide my own summary of the major improvements listed in the memorandum:

First. An intensive talent search throughout the country to recruit men and women of the highest possible caliber to staff the new agency in Washington and abroad.

Second. Tighter screening of projects to insure economic soundness and a truly significant contribution to the lasting development of the country involved.

Third. More thorough procurement and auditing procedures to prevent waste and inefficiency.

Fourth. New measures to encourage greater private enterprise participation in underdeveloped countries.

Fifth. More businesslike planning of aid projects through the long-range financing provisions of the new aid bill.

Sixth. Insistence on self-help measures for social and economic reform on the part of countries receiving aid.

At this point, I would like to insert the text of Mr. Labouisse's letter:

INTERNATIONAL COOPERATION  
ADMINISTRATION,  
Washington, D.C., August 10, 1961.

Hon. JOHN BRADEMAS,  
House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN BRADEMAS: I greatly appreciated the letter that you and 29 of your colleagues in the House sent me on August 4 regarding the future operation of the foreign aid program. The questions that you raise are very constructive and go to the heart of the program. They involve the very problems to which I and others of our senior staff devote much of our time in an effort to arrive, as rapidly as possible, at effective solutions.

In the attached memorandum, I have tried to answer your questions clearly and in the detail you have requested. I shall, of course, be glad to discuss these and any other questions with you and your colleagues at any time.

With kind regards,

Sincerely yours,

HENRY R. LABOUISSSE.

Mr. Chairman, at this point I would like to insert the full text of Mr. Labouisse's memorandum:

MEMORANDUM CONTAINING REPLIES TO QUESTIONS  
ASKED IN LETTER OF AUGUST 4, 1961,  
TO HENRY R. LABOUISSSE, DIRECTOR OF INTERNATIONAL  
COOPERATION ADMINISTRATION,  
SIGNED BY 30 MEMBERS OF CONGRESS

1. (A) "WHAT WILL BE DONE TO MAKE CERTAIN THAT YOUR AGENCY'S STAFF MEMBERS OVERSEAS ARE FULLY INFORMED ON NEW POLICIES AND WHAT STEPS WILL BE TAKEN TO ASCERTAIN WHETHER OR NOT THESE POLICIES ARE BEING CARRIED THROUGH?"

As you know, the new policies on foreign economic aid have been expressed in the President's messages to Congress of March 22 and May 25 and have been elaborated in volume 1 of our congressional presentation, "Act for International Development." This later document was prepared by the President's task force on foreign economic assistance, and it sets forth the policies and some of the specific programs that we intend to pursue in our efforts to assist in the economic and social progress of the less developed countries of the free world. It draws heavily on the thinking and experience of leading members of our business, academic, and governmental communities.

Copies of volume 1 of the "Act for International Development" were sent to all of our diplomatic posts overseas (while they were also sent to each Member of the Congress). On June 5, an instruction was sent to our Ambassadors, ICA mission chiefs, and senior members of their staffs to read this document carefully, and to bear firmly in mind the policies it sets forth whenever discussing aid questions with foreign officials.

On June 23, further instructions were sent by the Secretary of State to all our Ambassadors and ICA mission chiefs, referring to the June 5 message and emphasizing the responsibility and authority of the Ambassadors for insuring that aid programs meet the concepts set forth in volume 1. These messages requested the initiation, on an urgent basis, of a thorough review of all current economic aid activities in the light of the new policies, and called for recommendations as to actions essential to insure, in each case, that our reoriented programs clearly serve our aims of economic and social development. Responses to these requests are already coming in and are being examined by our headquarters staff, which will make recommendations as to the nature of our program in each country. The programs will be kept under continuing review.

We have also set up a special task force to help us improve and expand our training programs for agency personnel in the United States and overseas, in order to make certain that the new concepts are being thoroughly understood and implemented. In addition, I plan to send senior officials to the field, beginning shortly after the AID legislation is passed, in order to make certain that the reoriented program is being carried out effectively.

The structure of the new AID agency, simple in design and with sharpened lines of authority reaching from the President and the Secretary of State to the AID Administration, the four regional assistant administrators, and the field organizations, should greatly help us to speed up foreign-aid operations and to check that they are being carried out with the maximum of economy and efficiency and in accordance with the new policies.

1. (b) "WHAT ARE YOU DOING TO FIND THE BEST POSSIBLE PERSONNEL TO ADMINISTER AID PROGRAMS IN THE FIELD AND WHAT IS BEING DONE AND WILL BE DONE TO REMOVE THOSE WHOSE PERFORMANCE IS UNSATISFACTORY?"

The search for high-caliber personnel is a matter of the utmost importance to me and other senior ICA and DLF officials, and for the last few months we have been conducting an intensive talent search through-

out the country. Literally hundreds of people have been contacted and interviewed. In addition, President Kennedy has made a direct appeal to outstanding leaders of our business, labor, and academic communities for top-level personnel to devote part of their careers to Government service in the aid program. We have met with many Members of Congress, as well as with these leaders, and explained our needs. Most recently, the President has appointed a special assistant to help us in the recruitment of top executives.

People of the caliber we are seeking usually get far higher salaries, job security, and other benefits in the private sector than we can offer and, therefore, the service we are asking them to perform often involves considerable sacrifices. The attraction to Government service with this agency is somewhat limited by the so-far indefinite nature and duration of its programs. In spite of handicaps such as these, the indications are that we shall be able to attract to the new program men and women of the highest caliber, and that I have every reason to believe that the team in charge of the new agency will be a very good one.

I also want to stress that there are at this moment in ICA and DLF a great many highly competent, experienced, hard-working, and dedicated people whose retention in the program is absolutely indispensable to its success. There will, of course, be some who do not meet the requisite standards of the new program which, in a number of instances, calls for quite a different range of talents than heretofore. We have set up an executive evaluation board under the chairmanship of a distinguished private citizen to thoroughly screen our present top executives both in the headquarters and in the field.

In order to insure us the ability to fill the top policy jobs with the proper people, the proposed new AID legislation currently before the Congress provides for discretionary authority for the selection and removal of 85 key positions in Washington. We already possess discretionary authority in connection with all mission directors and deputy directors in the field. In addition, the executive branch has requested authority in the pending foreign aid bill which will enable the AID agency to establish standards and other criteria for selection out of other overseas personnel whose performance is considered to be marginal. The existing authority available to the Agency is adequate to separate for cause personnel whose performance is unsatisfactory or who are guilty of misconduct and accordingly we have not requested additional or special authority to deal with such cases.

It is anticipated that with these authorities and through more vigorous personnel administration, cases of unsatisfactory performance will be more rapidly identified and necessary action initiated. It is our intention to deal decisively with this problem and to take necessary action with respect to any employee who fails to meet standards of satisfactory performance.

2. WHAT MEASURES WILL YOUR AGENCY TAKE TO ENCOURAGE OPERATIONS OF RESPONSIBLE U.S. PRIVATE BUSINESS IN UNDERDEVELOPED COUNTRIES WHERE THERE ARE SUCH PROBLEMS AS THOSE WITH CURRENCY OR THREATS OF EXPROPRIATION?

I consider that U.S. business participation in the carrying out of the aid program is extremely important. I believe that we must mobilize private investment and managerial talents to make this program a true success. Several specific instruments aimed at mobilizing U.S. business participation have been proposed as part of the new aid program.

## a. Broader guarantee authority

The Congress has been requested to provide authority for guaranties of investment



against certain political risks including expropriation, convertibility, war, revolution, insurrection, and so forth.

Another type of guarantee authority requested, for use in exceptional circumstances, would enable the aid agency to guarantee, on a share-the-loss basis, both equity and loan investments against risks of all kinds. This is limited to a worldwide total of \$100 million. This all-risk guarantee authority with respect to investments, which we are proposing on an experimental basis, is to be used only to insure against losses of investment and not against failures to realize profits.

The Senate Foreign Relations Committee has limited the guarantee of investments to the risks of convertibility, expropriation and war, and, in addition, has imposed restrictions on the all-purpose guarantee provision. We are hopeful that the House bill, which does not contain these limitations, will be sustained.

#### *b. Lending activities*

There are many instances where private U.S. investment can make a significant contribution to the development of a particular country, but will not do so alone, in spite of the availability of guarantees, because of the extraordinary risks involved. In some such instances, the availability of loan capital from U.S. Government sources can be the determining factor as far as private U.S. participation in the enterprise is concerned. Such Government lending will be undertaken in dollars and, where local currencies are available and appropriate for the purpose, in foreign currencies.

#### *c. Feasibility studies*

Many sound and useful investment possibilities exist in the less developed countries which are never brought to light due to lack of exploratory work. Governmental assistance for feasibility studies can be used to increase the volume and variety of U.S. private investment. The executive branch proposes that a \$5 million fund be established to pay for up to 50 percent of the costs of feasibility surveys under certain carefully defined conditions which we expect would assure wise utilization of such authority. We hope that this instrument will contribute to the expanded activity of American business in the underdeveloped areas.

#### *d. Contracting for the use of American business know-how*

Even where it is not possible or desirable to have American business invest capital in a particular aid-related activity abroad, the managerial, technological, and professional skills of our private enterprise system can still be secured through contracting. In order to promote the use of this contracting device, we will attempt where feasible to have assistance funds used under contracts with private U.S. organizations.

#### *e. Increased contact with American business stressed*

Through the Office of Private Enterprise in the new Agency and by means of closer working relationships with the Department of Commerce, we hope to increase the effectiveness of private American enterprise in the underdeveloped areas.

3. DOCUMENTED INSTANCES OF BAD PLANNING, WASTE AND UNSUITABLE PROJECTS HAVE STRONGLY AFFECTED PUBLIC ATTITUDES TOWARD FOREIGN ASSISTANCE PROGRAMS. WHAT SPECIFICALLY WILL BE DONE TO PREVENT THE REPETITION OF SUCH INSTANCES?

Prevention of bad planning, waste and unsuitable projects requires a series of actions; some in the personnel field, others in the application of strict criteria to projects undertaken or recommended, and, in all instances, constant vigilance. In this regard, since my appointment this past February as Director of ICA I have looked into the reports of aid agency errors. I have taken,

and will continue to take, steps to correct these situations, including the replacement of personnel where required, the careful scrutiny of projects, and the utilization of experienced nonagency persons to investigate problem spots and recommend corrective action.

Some of the currently publicized blunders, however, occurred several years ago and are no longer susceptible to corrective actions; others have been grossly exaggerated. In terms of public and congressional attitudes toward the program, I think it is very important that this be well understood. President Kennedy aptly summarized the situation when he said: "I would remind both the supporters of foreign aid, who are so often on the defensive, as well as its critics who can see only waste and failure, that for every example of waste, there are a hundred examples of prudent and successful projects—that, for every nation cited as no better off as a result of our aid, there are a dozen nations which have strengthened their economies and resisted both external and internal attacks, with the help of American goods, food, and dollars. I would remind them that many projects originated under point 4, or financed by our development loans, are now operating without any outside assistance whatsoever—that the coming fiscal year, for example, will see the end of our formal technical cooperation programs in Greece, Lebanon and Israel—and that the technicians and services developed in these three countries are now providing assistance to other less-developed countries."

Nonetheless, additional measures are being taken to cut down waste and inefficiency wherever possible. For example, the quantity and quality of our audit activities have been raised over prior years and present coverage will be further expanded if administrative funds permit.

In July of this year we adopted a revised procurement regulation as part of the Government-wide Federal procurement regulations which will have the effect of requiring all ICA personnel in the field of procurement and contracting to follow strict standards of conduct, approved procedures and businesslike planning for all necessary procurement. Furthermore, a special task force is now closely examining existing contract procedures in ICA and DLF with the view to recommending substantial changes in this sensitive area.

Other mistakes will, I trust, be avoided in the future due to the fact that the proposed new AID agency will have strong economic analyses and engineering divisions in its Office of Development Financing, and each regional office will have a competently staffed developing planning division. We will also attempt to be more selective in the projects we undertake, to make sure not only that they are sound in themselves, but also that they will make a truly significant contribution to the lasting development of the country involved.

The greatly strengthened lines of command in the four geographical divisions which will have responsibility for all phases of the program should reduce those delays which, in the past, resulted from diffusion of authority. To further reduce delay and resulting waste, our program system is being revised so as to cut down the amount of paper flowing between Washington and the field.

I also firmly believe that the long-term financing provision of the aid bill—not only the 5-year borrowing authority for development loans, but also the no-year appropriations request for the grant portion—will contribute materially to improved administration of the program. As the Secretary of State and the Secretary of the Treasury said in their joint letter to Congress, "We are convinced that borrowing authority for long-term development lending represents the

most efficient and least costly method of providing development assistance."

The new organization will contain extensive internal controls for program formulation and evaluation. These, together with the Office of Inspector General, which has been preserved in both the Senate and House versions of the bill, will provide effective methods of investigation and review—necessary prerequisites to a more efficient program.

All of these measures will help to combat waste and inefficiency. However, it would not be realistic to assert that in the future there will be no more errors and no more failures to achieve our objectives. I do not believe that any human organization, governmental or private, can be totally free from such faults. What I can assure you is that we will make every possible effort to keep them to an absolute minimum and to operate a vigorous and efficient agency.

4. "PRESIDENT KENNEDY HAS INDICATED THAT THE NEW AID PROGRAM WILL CALL FOR GREATER SELF-HELP MEASURES SUCH AS TAX AND LAND REFORM ON THE PART OF RECEIVING NATIONS. WHAT STEPS DO YOU PROPOSE TO INSURE THAT OUR AID GOES TO THE PEOPLE WHO NEED IT?"

One of the "Requirements of Development" listed in volume 1 of the congressional presentation reads as follows: "The encouragement of self-help by giving sustained aid to those countries making serious self-help efforts, by withholding or limiting aid to those not yet willing to make such efforts, and by the encouragement of those groups within governments who favor self-help. By 'self-help' is meant a proper devotion of public resources and moneys to the development effort, the tapping of the energies of the entire population, and establishment of proper standards of public honesty." The rule of self-help is, of course, easier to state than it is to apply, but I am confident that in each separate negotiation we can, in practice, tie effective "self-help strings" to our aid.

In judging what measures of self-help can reasonably be expected on the part of a particular country, we must take into account the stage of governmental and economic development of such country, the degree of unity or disunity in that country's society, and the presence or absence of cultural or historical factors that facilitate or block the measures of self-help required. It is obvious that the same standards of performance cannot be expected of all countries. However, we do have the right to expect that each government desiring our aid will take a maximum of those self-help measures which are within its reach.

What does this mean in practice?

A number of countries will have the capability, with some external assistance, to participate actively in comprehensive programs calling for far-reaching self-help measures, such as tax and land reforms, low-cost housing, expanded educational and health facilities, etc. Other countries will not have the capability to establish such comprehensive programs, and may only be able, for the time being, to set targets in particular fields and to take limited self-help measures. In my opinion, the controlling factor in our development aid programs in such circumstances should be the sincere will of the recipient nations to help themselves to the full extent of their particular capacities. If there is no such will, there should be no development aid; if there is a demonstrated will, and even if there is only limited capability, we should be willing to make assistance available.

But how do we insure that such aid goes to the people who need it?

This will be done by persistently using every form of influence we possess to persuade recipient governments to adopt self-help measures leading to social reform and improvement of the welfare of their people.



Wherever such a measure is agreed upon in principle, there must be carefully worked out agreements and constant assistance and vigilance as to their enforcement. If it should develop that our aid is not, in fact, being utilized to achieve the agreed objectives, we would withhold or severely limit it, depending upon the circumstances of the particular case. Only in this way can we hope to attain our objectives of social as well as economic progress.

I should like to emphasize here that the long-term availability, and the power to make long-term commitments, of development loan funds will be of major assistance in encouraging and securing greater self-help. The very fact that U.S. aid would be known to be available over a multiyear period to countries which are moving to set their house in order stimulates better planning, fiscal, social, and land-use measures. In many nations the increasing number of progressive minded officials would find their hands strengthened in securing needed reforms. They would know that, if they were successful in instituting difficult reforms after the extensive time period frequently required, the United States would be in a position to respond with appropriate assistance, an assurance that they do not now have under the system of annual appropriations. Furthermore, the availability of long-term commitment authority will substantially increase our ability to consciously use aid as an incentive, since such commitments will be made only where there has been a demonstration that reasonable and necessary self-help measures have been or will be taken. Periodic releases against such long-term commitments would be related to actual performance on self-help measures. One further point: The availability of the long-term authority makes it far more acceptable for our field missions and the host countries to engage in joint planning. In such circumstances we will have a greater ability to influence the types of programs they undertake and the initiation of self-help measures.

Mr. GROSS. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. MORGAN. If the gentleman from Iowa will withdraw his point of order, I will move that the Committee do now rise.

Mr. GROSS. I withdraw the point of order, Mr. Chairman.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. ALBERT] having assumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, had come to no resolution thereon.

#### ELECTION TO COMMITTEE

Mr. MILLS. Mr. Speaker, I offer a privileged resolution (H. Res. 418) and ask for its immediate consideration.

The Clerk read the resolution as follows:

*Resolved*, That Dominick V. Daniels, of New Jersey, be, and he is hereby, elected a member of the Standing Committee of the House of Representatives on Post Office and Civil Service.

The resolution was agreed to.

A motion to reconsider was laid on the table.

(Mr. LANE asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. LANE'S remarks will appear hereafter in the Appendix.]

#### S. 1643

(Mr. DAVIS of Tennessee asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DAVIS of Tennessee. Mr. Speaker, I note that the statement of the managers on the part of the House explains that the conference report on S. 1643 omits the Senate provision on title 4 relating to cooperatives for the reason that the committee of conference considers the Senate language to be unnecessary and a mere restatement of existing law.

It is a matter of record that in the case of *Maryland & Va. Milk Producers Assn., Inc.* (362 U.S. 458 (1960)), the U.S. Supreme Court held that the Attorney General has the power to initiate action under the Sherman Act to prohibit unlawful combinations in restraint of trade or monopolies by two or more cooperatives in violation of the antitrust laws. When the House originally acted on H.R. 8023, the House Committee on Agriculture presented H.R. 8023 to the House with no provision equivalent to section 401 of the original Senate bill, which was designed to overrule the Supreme Court in the *Maryland and Virginia Milk Producers* case.

When the Senate was considering S. 1643, section 401 of the original Senate bill was considered at length. Efforts to have the Senate amend the bill by deleting subsections 401(a) and 401(b) were not successful. However, subsection 401(c) was stricken from the original Senate bill by the Senate.

The committee of conference has now presented to the House a conference report omitting from the proposed final version of S. 1643 subsections 401(a), 401(b) and 401(c) of the original Senate bill. The managers on the part of the House have indicated at page 37 of their statement explaining the conference report that the conference committee "reaffirmed" a national policy with regard to aiding and encouraging the growth of cooperatives through group action. It is clearly beyond the power of the managers on the part of the House effectively to speak for the House of Representatives or the Congress as a whole so as to have their gratuitous thoughts effectively serve to express the intent of the Congress at this time as to the meaning of statutory provisions of long standing.

Mr. Speaker, I quote from Senator ELLENDER'S remarks on page 13503 of the CONGRESSIONAL RECORD:

Ninth. With respect to the general provisions which we had in the bill, the conferees agreed (a) to delete both sections 401 (a) and (b) which related to farmer cooperatives.

We had a prolonged discussion on this point. The Members of the House said they had specific instructions from the commit-

tee as a whole that they would not agree to this provision. In order to have a bill, the Senate reluctantly agreed to recede.

Certainly, in the face of a clear decision by the House Committee on Agriculture to reject the entire section 401 so that it was not even brought before the House for consideration, the managers cannot now attempt to overrule the Supreme Court of the United States merely by explaining to the House why they do not bring before the House proposed statutory language to accomplish such a result.

I want the record and the legislative history on this matter to be clear. The trend in recent years for courts to reach into the grabbag of legislative history in the construction of statutory provisions has already gone too far. To permit members of the committee of conference to offer their own personal views of what is the law, without submitting controversial provisions to the House for its decision by a vote, is not a valid method of securing an expression of congressional intent entitled to receive any weight by a responsible court of law.

#### FEDERAL AID FOR COLLEGES AND UNIVERSITIES

(Mrs. GREEN of Oregon asked and was given permission to extend her remarks at this point in the RECORD, and to include extraneous matter.)

Mrs. GREEN of Oregon. Mr. Speaker, exploits in outer space have made the Congress, as well as the whole Nation, science conscious. The Congress has willingly appropriated \$1,671,750,000 to the National Aeronautics and Space Administration for fiscal 1962 in order to move forward this Nation's scientific explorations of space.

I have heard no complaint of waste in this challenging program.

Yet, as an article by Ralph McGill points out, this Nation has been, and is, wasting potential scientists. When thousands of the Nation's brightest youngsters fail to go to college or cannot go because of lack of classroom space, there is a waste of talent that this Nation cannot afford.

Mr. Speaker, the Committee on Education and Labor has approved a bill designed to halt this loss of talent. This bill, H.R. 7215, would enable extremely talented students to develop their talents through college training.

H.R. 7215 would further assist higher education in our Nation by providing grants and loans to colleges and universities to build urgently needed classrooms, laboratories, and libraries. Our colleges and universities must expand—and expand immediately—if they are to accommodate our young people who are seeking a higher education.

Mr. Speaker, I wish to include in the RECORD at this point Mr. McGill's article entitled "Schools and National Progress":

SCHOOLS AND NATIONAL PROGRESS—SOVIET SPACEMAN'S HISTORY CALLED LESSON FOR U.S. EDUCATION

(By Ralph McGill)

We must begin this story with a prelude about Maj. Gherman S. Titov. The 26-year-old Soviet man in space was born of peasant

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